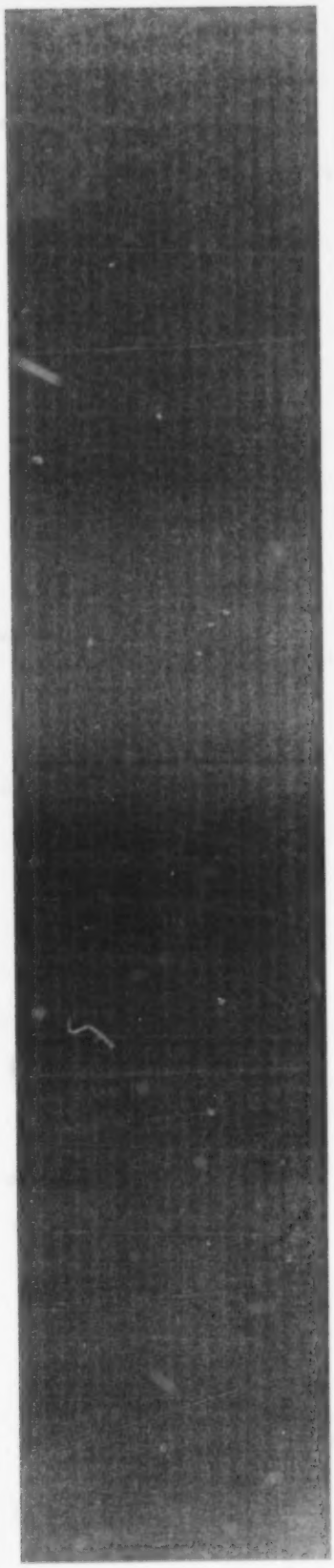

# Whistler and the World:
## The Funding of Ski Resort Communities

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## INTRODUCTION

Municipalities across Canada face a financial squeeze as they attempt to fund basic services and cope with the demands of growth while having to rely upon property taxes as their primary source of taxation revenue (Vander Ploeg 2001, 2002[a], 2002[b]). This squeeze is particularly acute for rapidly growing resort communities where the property tax fails to generate revenue from a large number of short-term visitors. As a consequence, the property tax on a relatively small residential community is used to support services for a much larger and seasonally-variable transient population.

This problem is further compounded by increased global competition among resort communities. Canadian resort communities are placed at a disadvantage if they rely on a less favourable revenue base than do their international competitors. Skiers, for example, may come to a particular destination primarily because of the slope and snow conditions, but in making their choice among scores of alternatives they are not indifferent to the amenities offered by the host community.

This report examines the financial dilemma confronting resort communities by focusing on one of western Canada's tourism jewels – Whistler, British Columbia. The purpose of this study is to seek answers to five basic questions:

- *Where does Whistler fit within the community of top ski resorts in North America?*
- *What tax tools are available to resort communities and what are the relative advantages and disadvantages of the various taxation instruments?*
- *What specific tax tools and other revenue sources are available to Whistler, and how do these compare to tax sources available to its competitors?*
- *How does the financial profile and capacity of Whistler compare to its competitors?*
- *Does Whistler's particular fiscal situation place it at a competitive disadvantage among ski resorts in North America?*

The study sheds light not only on the unique situation of Whistler but on the broader relationship between taxation and community competitiveness in the North American marketplace. By extension, it also pulls into focus the challenges facing other resort communities in Canada, particularly as it relates to problems associated with an over reliance on the property tax.

## METHODOLOGY

This study explores and compares the various tax tools and revenue sources available to 11 alpine ski resort communities in Canada and the United States. A comprehensive analysis of the general legislative authority given to various municipalities to use these tax tools was outside the scope of this study. More important, it is arguably easier to replicate specific tax policy than an entire legislative framework. As such, it is the access and usage of particular tax tools that is of most import.

The reputation of the various ski destinations was the primary driver behind their inclusion in the study. Generally, only those North American resorts that are ranked within the top ten ski resorts in the world or are a top destination in North America were included. The following resorts are consistently reported within the top ten ski resorts in the world: Whistler, British Columbia; Aspen, Colorado; Mont-Tremblant, Québec; Stowe, Vermont; Banff, Alberta; and Vail, Colorado (Marks 2001). Top ski resort destinations in North America include Telluride, Colorado; Jackson Hole, Wyoming; Ketchum (Sun Valley), Idaho; and Park City (Deer Valley), Utah (Conde Nast 2002).

South Lake Tahoe, California was also included in the study, although it did not rank as a top ten destination. South Lake Tahoe is a large resort community surrounded by over one dozen alpine ski operations including Squaw Valley, site of the 1960 Winter Olympics. Other top ten ski resorts in the world include Cortina, Italy; Chamonix Mont-Blanc, France; Zermatt, Switzerland; and Kitzbuhel, Austria. Unfortunately, financial comparisons between North American and European resort communities were outside the scope of this study.

The information presented in this study was secured from five sources. First, researchers visited each resort community's website to secure basic information on the municipal budget, financial statements, and the nature of the local tax regime. Second, researchers contacted officials at several state and provincial governments, along with visiting relevant websites, to uncover the general taxation environment within the various jurisdictions. Third, researchers interviewed financial directors or town managers at each specific resort community. The interviews were comprehensive and were designed to uncover in detail the tax tools and revenue sources available to each community, the limitations on their use, and any relevant

administrative details. These interviews were highly informative. Fourth, requests were sent to each resort community to forward a copy of their financial statements for the fiscal years 1990 and 2000. Finally, additional data were secured from various state and provincial governments that maintain databases of fiscal information and tax rates based on the financial returns submitted by the various municipalities in their jurisdiction.

## THE CHALLENGES

To provide context, it is important to understand the general fiscal challenges facing municipalities, and the degree to which Whistler shares in those challenges. Generally, the problems in municipal finance revolve around three specific factors (Vander Ploeg 2002[a], 2002[b]). First, many Canadian cities and municipalities are experiencing rapidly expanding populations. Rapid population growth leads to increasing demands for municipal services, and also places stress on local infrastructure.

As shown in *Figure 1*, this phenomenon is not at all alien to the resort community of Whistler. Not only does Whistler rate as the top ski resort in the world, it is also one of the fastest growing ski resort communities in North America. In the last ten years, the local resident population of Whistler has increased by almost 100%, outpacing each one of its primary competitors.

**FIGURE 1: Population Growth of the Ski Resorts**
***(1990-2000 for American Resorts, 1991-2001 for Canadian Resorts)***

SOURCE: Statistics Canada, 1991 and 2001 Census and U.S. Census Bureau, 2000 Census.

* NOTE: The increase for Mont-Tremblant represents census years 1986-1996.

This rate of growth is nothing less than spectacular. Many Canadian urban commentators continually point to the population pressures in large urban centres like Vancouver or Calgary. However, Calgary has grown by only 24% since 1990. Clearly, population growth is a significant factor to be contended with by the municipality of Whistler.

Rapid population growth is not ordinarily a financial liability for governments. But a second factor comes into play when considering the funding environment of Canadian municipalities. Unlike their federal and provincial counterparts, municipal revenues do not tend to keep pace with population growth or inflation (Vander Ploeg 2001). It is much the same for Whistler. For example, total property tax revenue for the municipality of Whistler grew by only 2.5% in per capita inflation adjusted dollars from 1992 to 2000. Over the same time period, personal income tax revenue, corporate income tax revenue, and sales tax revenue collected by the province of British Columbia grew by almost 22% in per capita inflation adjusted dollars. In many respects, Whistler's sluggish growth in tax revenue is a direct function of the lack of elasticity in the property tax, the primary revenue tool available to the community, and indeed, all Canadian municipalities. Compounding this lack of tax buoyancy is the fact that municipal grants have not kept pace with population growth or inflation for many Canadian municipalities. As *Figure 2* shows, Whistler has not been immune from this trend.

**FIGURE 2: Real Per Capita Grants Received by Whistler**
***(Federal and Provincial Operating and Capital, 1992 to 2000)***

SOURCE: Derived by CWF from Resort Municipality of Whistler's 2000 Annual Report, Statistics Canada CPI Index for Vancouver, and population estimates from BC Statistics.

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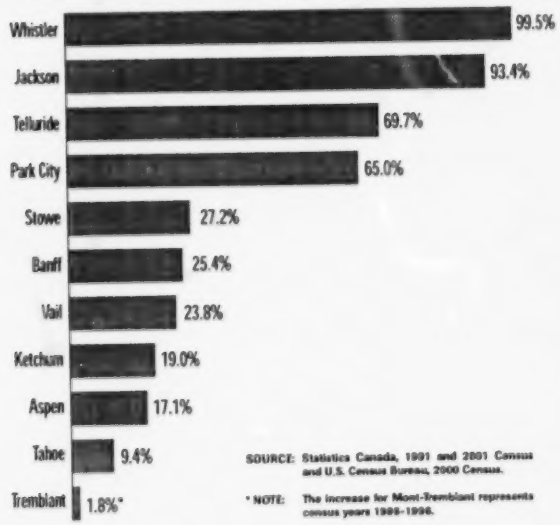


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In fiscal year 2000, Whistler received $227,000 less in operating and capital grant revenue than it did in 1992. But the real impact of this grant reduction can only be seen when the amounts are converted into per capita dollars and then controlled for inflation. For Whistler, total federal and provincial grants have fallen from $425 (in real per capita terms) in 1992 to $105 (in real per capita terms) in 2000. This represents a 75% reduction. To be sure, grant revenues did increase in the mid-1990s as a result of infusions received under the tri-partite national infrastructure program. These amounts, however, were one time injections. More important, the grant contribution to the operating side of Whistler's budget has been in a slow but steady decline throughout most of the 1990s.

A third perennial challenge facing many modern urban centres is the presence of significant and growing economic externalities or "free-riding" (Vander Ploeg 2002[a]). For example, many large cities are the anchors for much larger city-regions, being surrounded by other municipalities. Today's metros are also regional hubs for the nation's transportation infrastructure. Commuters, visitors, truckers, conventioneers, and tourists continually use an anchor city's services but do not contribute to the residential property tax base upon which those services depend.

While this "free-riding" problem is a significant challenge facing large cities, the problem is arguably much bigger for resort communities. For example, Whistler has a resident population of just under 10,000 people. At the same time, estimates peg the number of annual visitors to the resort community at over 2.2 million. Each of these visitors depends on services and infrastructure provided by Whistler's local government. If the community is not able to ensure that visitors pay for some of the costs of the services they consume through an appropriate mix of taxes and user fees, it is the local taxpayers who carry the financial burden. And, this burden is made heavier if the resort is highly seasonal, attracting higher numbers of visitors over a shorter period of time. In such circumstances, the municipality must "over-invest" in infrastructure to ensure it can handle peak load demands. Assessing Whistler's capacity to effectively deal with the negative economic externalities inherent to resort communities is a significant concern.

## PUTTING WHISTLER IN CONTEXT

*Figure 3* provides a detailed set of statistics on the resort communities included in this study and the primary ski resorts associated with each. Three points can be made from the comparative data. First, it is clear why Whistler consistently ranks as a favourite ski destination world-wide. The mountain ski resort associated with the municipality – Whistler-Blackcomb – ranks first or second in virtually every significant category. Whistler-Blackcomb has the longest vertical drop (5,280 feet), the largest skiable area (7,071 acres), and the largest lift capacity of any resort in North America (59,000 people per hour). Whistler's 33 lifts and 200 trails are second only to the Colorado alpine mountain resort of Aspen-Snowmass (39 lifts and 317 trails).

Second, it is evident that Whistler is a relatively young resort (Whistler commenced operations in 1966) compared to many of its Canadian and American counterparts. Out of the 25 resorts in *Figure 3*, only eight were established around the same time as Whistler. In terms of competitiveness and financing, it is the younger, newer, and faster growing resort communities that may be harder pressed to make investments in their local infrastructure to enhance and maintain their competitiveness.

Third, it is equally clear that there are different types of resort communities – those that are associated with a single alpine ski resort (Whistler, Stowe, Ketchum, Telluride, Tremblant) and those that are surrounded by several ski operations (Aspen, Banff, Park City, South Lake Tahoe, and Vail). Further, some ski resorts are located within the municipal boundaries (Whistler-Blackcomb, Aspen, Jackson Hole, Park City, and Stowe) while other resorts are outside the community (Banff, Ketchum, South Lake Tahoe, Telluride, and Vail). *(See Figure 5 on page 25.)* Resort communities such as Whistler – with only one ski resort that is also located within the municipal boundary – likely face more intense fiscal pressures from visitors compared to other communities with a multitude of resorts located outside the municipality. For example, it is not necessary for visitors spending a ski weekend at Lake Louise to enter the municipality of Banff. It is quite possible that some visitors will choose to lodge in Lake Louise during their vacation, rather than Banff, which is a thirty to forty minute drive away.

## FIGURE 3: Alpine Statistics of North America's Top Ski Resorts

| | BASIC INFORMATION | | | RESORT SIZE and CAPACITY | | | | | | ELEVATIONS (in Feet) | | | DATES | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Most Recent Census Population | Resort Reputation | Primary Resorts | Area in Acres | Number of Trails | Number of Lifts | Lift Capacity | Types of Lifts | Snow Making | Base Height | Summit Height | Vertical Drop | Year of Opening | 2001 Season |
| WHISTLER, BC | 9,896 (2001) | First in the World | Whistler/ Blackcomb | 7,071 | 200 | 33 | 50,000 per hour | 12 Surface Lifts, 1 Double Chair, 5 Triple Chairs, 12 Hi-speed Quads, 3 Hi-speed Gondolas | N/A | 2,214 | 7,494 | 5,280 | 1966 | Nov 21- Jun 10 |
| BANFF, Alberta | 7,135 (2001) | Fifth in the World | Mount Norquay | 190 | 31 | 5 | 7,000 per hour | 1 Surface Lift, 2 Double Chairs, 1 Quad, and 1 Hi-speed Quad | 90% | 5,350 | 7,000 | 1,650 | 1926 | Dec 7- Apr 16 |
| | | | Sunshine Village | 3,108 | 92 | 12 | 17,000 per hour | 3 Surface Lifts, 2 Double Chairs, 1 Triple Chairs, 4 Hi-speed Quads, 1 Gondola, 1 Hi-speed Gondola | N/A | 5,440 | 8,954 | 3,514 | 1928 | Nov 1- May 2 |
| | | | Lake Louise | 4,200 | 113 | 11 | 15,499 per hour | 3 Surface Lifts, 2 Double Chairs, 1 Triple Chair, 1 Quad, and 4 Hi-speed Quads | 40% | 5,400 | 8,650 | 3,250 | N/A | Nov 1- May 2 |
| ASPEN, Colorado | 5,914 (2000) | Tenth in the World | Aspen/ Snowmass | 4,780 | 317 | 39 | 48,495 per hour | 6 Surface, 14 Double Chairs, 1 Hi-speed Double, 3 Triples, 2 Quads, 12 Hi-speed Quads, 1 Gondola | 11% | 7,870 | 12,510 | 4,406 | 1947 | Nov 7- Apr 14 |
| JACKSON, Wyoming | 8,647 (2000) | Fourth in North America | Jackson Hole Mountain Resort | 2,500 | 80 | 11 | 12,096 per hour | 1 Surface Lift, 1 Double Chair, 1 Triple Chair, 4 Quads, 2 Hi-speed Quads, 1 Hi-speed Gondola, 1 Tram | 10% | 6,311 | 10,450 | 4,139 | 1965 | Dec 1- Apr 7 |
| | | | Grand Targhee | 3,000 | 63 | 4 | 7,200 per hour | 1 Surface Lift, 1 Double Chair, 1 Quad, and 1 Hi-speed Quad | N/A | 8,000 | 10,200 | 2,200 | 1969 | Nov 1- Apr 4 |
| PARK CITY, Utah | 7,371 (2000) | One of the fastest growing resorts in the U.S. Site of the 2002 Winter Olympics | Park City Mountain Resort | 3,300 | 100 | 15 | 27,200 per hour | 1 Surface Lift, 4 Double Chairs, 5 Triple Chairs, 1 Hi-speed Quad, 4 Hi-speed Six Person Chairs | 47% | 6,900 | 10,000 | 3,100 | 1963 | Nov 10- Apr 14 |
| | | | Alta Ski Resort | 2,200 | 50 | 12 | 11,248 per hour | 4 Surface Lifts, 5 Double Chairs, and 3 Triple Chairs | 2% | 8,530 | 10,550 | 2,020 | 1938 | Nov 11- Apr 2 |
| | | | Deer Valley | 1,750 | 88 | 19 | 39,700 per hour | 2 Double Chairs, 7 Triple Chairs, 3 Quads, 6 Hi-speed Quads, 1 Hi-speed Gondola | 28% | 6,570 | 9,570 | 3,000 | 1981 | Dec 1- Apr 2 |
| | | | The Canyons | 3,500 | 134 | 16 | 32,700 per hour | 2 Surface Lifts, 1 Double Chair, 2 Triple Chairs, 9 Hi-speed Quads, 2 Hi-speed Gondolas | 4% | 6,800 | 9,900 | 3,100 | 1997 | Nov 1- Apr 2 |
| | | | Snowbird Ski Resort | 2,500 | 85 | 10 | 15,000 per hour | 7 Double Chairs, 2 Hi-speed Quads, and 1 Tram | 15% | 7,760 | 11,000 | 3,240 | 1971 | Nov 1- May 2 |
| SOUTH LAKE TAHOE, California | 23,609 (2000) | Largest Ski Resort Area in North America | Squaw Valley | 4,000 | 177 | 33 | 49,000 per hour | 3 Surface, 10 Doubles, 9 Triples, 1 Quad, 4 Hi-speed Quads, 3 Hi-Speed Six Person Chairs, 1 Tram, 2 Other | 10% | 6,200 | 9,050 | 2,850 | 1949 | Nov 17- May 31 |
| | | | Heavenly Ski Resort | 4,800 | 84 | 29 | 29,000 per hour | 8 Surface, 5 Doubles, 8 Triples, 5 Hi-speed Quads, 1 Hi-speed Six Person Chair, 1 Gondola, 1 Tram | 69% | 6,540 | 10,040 | 3,500 | 1955 | Nov 1- Apr 2 |
| | | | Sugar Bowl | 1,500 | 84 | 15 | 15,188 per hour | 2 Surface Lifts, 4 Double Chairs, 4 Quads, 4 Hi-speed Quads, 1 Gondola | 27% | 6,883 | 8,383 | 1,500 | 1939 | Nov 1- Apr 2 |
| | | | Alpine Meadows | 2,000 | 100 | 13 | 16,000 per hour | 2 Surface Lifts, 6 Double Chairs, 3 Triple Chairs, 1 Hi-speed Quad, 1 Hi-speed Six Person Chair | 7% | 6,835 | 8,637 | 1,802 | 1962 | Nov 1- May 2 |
| | | | Sierra at Tahoe | 2,000 | 46 | 12 | 14,920 per hour | 3 Surface Lifts, 5 Double Chairs, 1 Triple Chair, and 3 Hi-speed Quads | 4% | 6,640 | 8,852 | 2,212 | 1968 | Nov 1- Apr 2 |
| | | | Northstar at Tahoe | 2,420 | 70 | 15 | 21,800 per hour | 3 Surface Lifts, 3 Double Chairs, 2 Triple Chairs, 6 Hi-speed Quads, 1 Gondola | 50% | 6,330 | 8,610 | 2,280 | 1972 | Nov 1- Apr 2 |
| | | | Kirkwood Ski Resort | 2,300 | 65 | 12 | 17,905 per hour | 2 Surface Lifts, 1 Double Chair, 7 Triple Chairs, 1 Quad, and 1 Hi-speed Quad | 2% | 7,800 | 9,800 | 2,000 | 1972 | Nov 1- May 2 |
| STOWE, Vermont | 4,339 (2000) | Seventh in the World | Stowe Mountain Resort | 480 | 47 | 11 | 12,326 per hour | 2 Surface Lifts, 6 Double Chairs, 1 Triple Chair, 1 Hi-speed Quad, 1 Gondola | 73% | 1,280 | 4,393 | 2,360 | 1914 | Nov 1- May 2 |
| KETCHUM, Idaho | 3,003 (2000) | Sixth in North America | Sun Valley Ski Resort | 2,054 | 32 | 20 | 20,000 per hour | 3 Surface Lifts, 5 Double Chairs, 5 Triple Chairs, 7 Quad Chairs | 78% | 5,750 | 9,150 | 3,400 | 1936 | Nov 1- Apr 2 |
| TELLURIDE, Colorado | 2,221 (2000) | Third in North America | Telluride Ski Resort | 1,700 | 85 | 14 | 20,286 per hour | 2 Surface Lifts, 2 Double Chairs, 2 Triple Chairs, 7 Hi-speed Quads, 1 Gondola | 15% | 8,725 | 12,260 | 3,535 | 1972 | Nov 20- Apr 7 |
| TREMBLANT, Quebec | 977 (1996) | Eighth in the World | Mont-Tremblant Ski Resort | 610 | 92 | 11 | 25,130 per hour | 1 Surface Lift, 3 Triple Chairs, 1 Quad, 4 Hi-speed Quads, 2 Gondolas | 70% | 870 | 3,001 | 2,115 | 1939 | Nov 1- Apr 2 |
| VAIL, Colorado | 4,531 (2000) | Fourth in the World | Vail Ski Resort | 5,289 | 193 | 33 | 51,781 per hour | 9 Surface Lifts, 5 Double Chairs, 3 Triple Chairs, 1 Quad, 14 Hi-speed Quads, 1 Gondola | 8% | 8,120 | 11,570 | 3,450 | 1962 | Nov 16- Apr 14 |
| | | | Beaver Creek Resort | 1,625 | 146 | 14 | 24,739 per hour | 4 Double Chairs, 4 Triple Chairs, and 6 Hi-speed Quad Chairs | 34% | 7,480 | 11,440 | 4,040 | 1980 | Nov 1- Apr 2 |

SOURCES: Ski Odyssey Online Resort Guide (www.mediaodyssey.com), Town of Vail (www.vailgov.com), Liveski (www.liveski.com), Aspen Historical Society (www.aspenhistory.org), 'About Mount Norquay' (at www.banffnorquay.com), 'North America Travel Guides' (at www.bootvault.com), Stowe Mountain Resort (www.ridestowe.com), '50 Places of a Lifetime' (at www.nationalgeographic.com), 'Squaw Valley History' (at www.winter.squaw.com), 'The Heavenly Story' (at www.skiheavenly.com), Utah Outdoors (www.amazingoutdoors.com), 'Telluride Ski Resort: A History' (at www.telluriderskiresort.com), 'Lake Tahoe Ski Resorts' (at www.tahoeactivities.com), Jackson Hole Skiing (www.jacksonhole-skiing.com), Fralich, Robert, 'The Big Six', January 2000 (available at www.sugarbowl.com), Alpine Meadows (www.skialpine.com), 'Northstar Continues Process of Completing Vision' (available at www.skinorthstar.com), 'Our Story' (available at www.sierratahoe.com), Reeves, Courtney, 'Park City: The Greatest Show on Earth', 1998 (available at www.realtyzones.com), Bailey, Reade, 'Ten Canyons, Utah: Rank 20 Worst', 1998 (available at www.skimag.com), and 'Significant Dates in the History of Jackson Hole' (available at www.jacksonhole.com).

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| | | | Northstar at Tahoe | 2,420 | 70 | 15 | 21,800 per hour | 3 Surface Lifts, 3 Double Chairs, 2 Triple Chairs, 6 Hi-speed Quads, 1 Gondola | 50% | 6,330 | 8,610 | 2,280 | 1972 | Nov 1- Apr 2 |
| | | | Kirkwood Ski Resort | 2,300 | 65 | 12 | 17,905 per hour | 2 Surface Lifts, 1 Double Chair, 7 Triple Chairs, 1 Quad, and 1 Hi-speed Quad | 2% | 7,800 | 9,800 | 2,000 | 1972 | Nov 1- May 2 |
| STOWE, Vermont | 4,339 (2000) | Seventh in the World | Stowe Mountain Resort | 480 | 47 | 11 | 12,326 per hour | 2 Surface Lifts, 6 Double Chairs, 1 Triple Chair, 1 Hi-speed Quad, 1 Gondola | 73% | 1,280 | 4,393 | 2,360 | 1914 | Nov 1- May 2 |
| KETCHUM, Idaho | 3,003 (2000) | Sixth in North America | Sun Valley Ski Resort | 2,054 | 32 | 20 | 29,000 per hour | 3 Surface Lifts, 5 Double Chairs, 5 Triple Chairs, 7 Quad Chairs | 78% | 5,750 | 9,150 | 3,400 | 1936 | Nov 1- Apr 2 |
| TELLURIDE, Colorado | 2,221 (2000) | Third in North America | Telluride Ski Resort | 1,700 | 85 | 14 | 20,286 per hour | 2 Surface Lifts, 2 Double Chairs, 2 Triple Chairs, 7 Hi-speed Quads, 1 Gondola | 15% | 8,725 | 12,260 | 3,535 | 1972 | Nov 20- Apr 7 |
| TREMBLANT, Quebec | 977 (1996) | Eighth in the World | Mont-Tremblant Ski Resort | 610 | 92 | 11 | 25,130 per hour | 1 Surface Lift, 3 Triple Chairs, 1 Quad, 4 Hi-speed Quads, 2 Gondolas | 76% | 870 | 3,001 | 2,115 | 1939 | Nov 1- Apr 2 |
| VAIL, Colorado | 4,531 (2000) | Fourth in the World | Vail Ski Resort | 5,289 | 193 | 33 | 51,781 per hour | 9 Surface Lifts, 5 Double Chairs, 3 Triple Chairs, 1 Quad, 14 Hi-speed Quads, 1 Gondola | 8% | 8,120 | 11,570 | 3,450 | 1962 | Nov 16- Apr 14 |
| | | | Beaver Creek Resort | 1,625 | 146 | 14 | 24,739 per hour | 4 Double Chairs, 4 Triple Chairs, and 6 Hi-speed Quad Chairs | 34% | 7,400 | 11,440 | 4,040 | 1980 | Nov 1- Apr 2 |

SOURCES: Ski Odyssey Online Resort Guide (www.mediaodyssey.com), Town of Vail (www.vailgov.com), Liveski (www.liveski.com), Aspen Historical Society (www.aspenhistory.org), "About Mount Norquay" (at www.banffnorquay.com), "North America Travel Guides" (at www.bootsnall.com), Stowe Mountain Resort (www.ridestowe.com), "50 Places of a Lifetime" (at www.nationalgeographic.com), "Squaw Valley History" (at www.winter.squaw.com), "The Heavenly Story" (at www.skiheavenly.com), Utah Outdoors (www.amazingoutdoors.com), "Telluride Ski Resort: A History" (at www.telluridesuresort.com), "Lake Tahoe Ski Resorts" (at www.tahoeactivities.com), Jackson Hole Skiing (at www.jacksonhole-skiing.com), Frolich, Robert, "The Big Six", January 2000 (available at www.sugarbowl.com), Alpine Meadows (www.skialpine.com), "Northstar Continues Process of Completing Vision" (available at www.skinorthstar.com), "Our Story" (available at www.sierratahoe.com), Ronan, Courtney, "Park City: The Greatest Show on Earth", 1998 (available at www.castlytimes.com), Bosley, Reade, "The Canyons, Utah: Rank 20 West", 1998 (available at www.skimag.com), and "Significant Dates in the History of Jackson Hole" (available at www.jacksonhole.com).

## FIVE FISCAL OPTIONS

The options for addressing municipal financial challenges are not limited to hiking taxes, cutting program spending, or ignoring infrastructure. Such approaches might only serve to reduce a resort community's competitiveness. In many ways, the state of the local amenities are no small consideration for vacationers. Fortunately, there are other options. In *Framing a Fiscal Fix-Up* (Vander Ploeg 2002[b]), the Canada West Foundation synthesized and assessed the many ideas put forward by urban economists and finance experts to address the financial challenges facing municipalities. The report highlighted five specific alternatives:

- *Focus on core responsibilities:* Municipalities need to identify their core priorities and fund them first. To the extent possible, local governments should seek to disengage from activities that redistribute income, a task for which the property tax is ill-suited.

- *Set correct prices:* Municipalities can create improved user-pay systems that capture the real costs of providing services. Fees and property taxes could better mirror the variable costs of servicing different properties.

- *Adopt Alternative Service Delivery (ASD):* Municipalities can create a competitive environment for the delivery of services. Services need to be provided by those who can do it the most effectively and efficiently, be it the public, private, or non-profit sector.

- *Employ innovative capital funding:* Municipalities need to find new sources of capital funding, whether that be earmarked user fees or inviting the private sector to finance, construct, own, and even operate municipal facilities. With regards to resort communities, the experience of Mont-Tremblant is a unique example *(Discussion Box 1 on page 27)*.

- *Secure a new tax mix with expanded authority to experiment:* Municipalities need a new mix of tax tools that are more buoyant, capture economic potential, and help control and manage spillovers. This is particularly relevant to resort communities, which attract large numbers of visitors who use municipal services but pay their property taxes elsewhere. Municipalities also need the legislative flexibility to engage in policy innovation.

As the debate over urban finances has progressed, the fifth option has drawn the most attention. But it is unlikely that this option alone can address all of the challenges. Each of the five alternatives needs to be pursued. At the same time, it is still important to uncover whether Canadian resort municipalities are indeed confronted with a competitive disadvantage simply because they depend on a less favourable revenue base than their competitors.

## A RANGE OF REVENUE SOURCES

There is a wide range of financing tools available to most municipalities in Canada and the U.S. These include property taxes, general retail sales taxes, selective sales taxes, specific business taxes, tax-sharing, senior government grants and other contributions, user fees, and a host of "other" revenue including licenses, permits, fines, and interest income on municipal investments. In the municipal context – particularly with regards to resort communities – each fiscal tool has its own unique advantages and disadvantages. Each tax differs in terms of its ability to generate a growing stream of revenue, capture economic growth and potential, and control for "externalities" produced by visitors to a resort community. (The discussion that follows is largely excerpted from an earlier Canada West study entitled *Big City Revenue Sources: A Canada-U.S. Comparison of Municipal Tax Tools and Revenue Levers).*

### 1. Property Taxes

There are several types of property taxes open to municipalities. The first is the *general property tax*, which derives revenue from a levy on the value of real property, usually including land and improvements. The second type of property tax is *special assessments* or *local improvement levies*. Revenues from this type of property tax are derived from an additional levy on specific properties benefiting from improvements undertaken by the municipality, such as a localized paving program or enhanced sidewalks and streetlighting. While the revenue produced by the general property tax is typically unrestricted (discretionary and used to support general expenditures), special assessment revenue is typically restricted or earmarked for specific expenditures (usually servicing debt assumed to finance the improvements). A third type of property tax is a separate

*business tax*. Under this tax, business properties are usually assessed a "rental value" – how much rent per square foot the property would yield. The total square footage is then calculated and a total rental value determined. A tax rate (expressed in percentage terms) is then applied against the assessed annual rental value. *Other property taxes* are a mixed bag. They may include levies that do not accrue directly to the cities (they "flow through" the municipal budget to regional governing authorities or quasi-independent entities like some library boards) or taxes on certain types of personal property. For example, many American cities used to levy a property tax on the value of personal and business motor vehicles.

In many ways, the property tax tends to work well as a local tax. The tax base (property) is immobile and values tend to be stable. This assures a reasonable level of compliance with the tax and also yields consistent and predictable flows of revenue. The tax is also highly visible, which provides for accountability (Loreto and Price 1990, McCready 1984, Union of Nova Scotia Municipalities 2001). Generally, the computation and collection of the tax are straightforward, although assessment practices, the classification of certain properties, and millrates can be confusing for taxpayers. The property tax also provides a good fit with the "benefits principle" of taxation, where those who directly benefit from the services provided through the tax also pay the tax (Kitchen 2000).

On the downside, the tax is not directly related to income or ability to pay, and is often accused of violating principles of fairness. In many jurisdictions, the tax is not uniformly applied across all properties because of discrimination in assessed values or differential tax rates based on property class. Administration of the tax also presents problems. Unlike other taxes, there is no absolute or completely objective measure of the value of the tax base – property values are estimated through a process of assessment, which can be disputed. While some have argued that the tax is also regressive, the jury is still out on this issue. Regressivity likely depends on the type of property, the assessment practices in place, and the availability of tax credits, deferrals, exemptions, reductions, or refunds (Loreto and Price 1990, McCready 1984).

But the property tax has even bigger problems. It is important to realize that the property tax really amounts to a tax on capital. Capital taxes target savings and investment – the fuel that drives the engine of economic growth, innovation, and increased productivity. Some economists argue that capital taxes are the worst taxes possible (Clemens 2002).

One of the most detrimental shortfalls of the property tax is a lack of buoyancy (Loreto and Price 1990). The revenue generated by any tax is a function of the tax base, the value of that base, and the rate that is applied. For the property tax, the base is the total assessed value of real property. This is a narrow tax base in the sense that it links directly to only one aspect of the economy – real estate. This base tends to broaden only slowly, sometimes at less than the rate of inflation. When a municipality's tax base expands slowly and the full increase in the value of the base is not factored into the annual tax equation, the municipality may find itself having to constantly increase the tax rate simply to compensate for inflation (City of Regina 2001). In the media and the minds of the public, this is a tax increase. What is conveniently forgotten is that a portion of the so-called "increase" is accounted for by inflation, and is likely offset by increases in incomes (Loreto and Price 1990). The high visibility of the property tax, combined with the need to continually fiddle with the millrate, places municipal officials at a significant disadvantage. Local governments, fearing public backlash, are often hesitant to adjust the property tax rate to ensure sufficient revenue growth because it is viewed as a tax increase (McCready 1984). The degree to which growth is problematic for a resort community depends on the conditions in the local real estate market.

Sluggish revenue growth is a double-whammy. Not only does it create a fiscal gap between revenues and growing demands for services and infrastructure, it limits the ability of local government to debt-finance capital expenditures. When revenues expand at a reasonable and consistent pace, some of that growth can be leveraged with modest amounts of debt without increasing the interest burden to the operating budget. If revenues grow slowly, the interest that accompanies any increase in debt consumes more and more operating revenue, squeezing out other priorities. Because municipal budgets are very capital intensive, a more buoyant set of revenues would allow for more "pay-as-you-go" funding as well as debt-financing for much needed infrastructure (Vander Ploeg 2002[b]).

The biggest shortfall of the property tax for a resort municipality, however, is simply the inability of the property tax to effectively function as a "benefits-based" local tax. For resort municipalities, then, a key advantage of the property tax is not present. Much of the investment in the capital infrastructure of the municipality is required to meet the demands of visitors and many of the services produced by the municipality are also consumed by visitors. Yet, these visitors do not contribute to the residential property tax base upon which the services and capital stock depend.

It can be argued that visitors do contribute to the business portion of the property tax. In this case, the tax is shifted to consumers through the value of their purchases. However, it should be noted that this may not always be the case. The business property tax is unrelated to profit and the ability to shift the tax depends on the nature of the market, the products being produced, and the mobility of certain factors of production (Kitchen and Slack 1993, Kitchen 2000).

## 2. General Retail Sales Taxes

Sales taxes derive revenue from a levy on the consumption of goods and services. The primary difference between the many types of sales taxes are a function of the basket of goods and services to which they apply. A *general retail sales tax* applies to a wide variety of goods and services, typically with few exemptions (e.g., groceries or medical supplies and services). In the municipal context, this tax can take the form of a *local option sales tax* (available to all municipalities) or a *special resort sales tax* (available only to qualifying resort municipalities).

A key advantage of the general sales tax is a more direct link to economic growth through retail activity. As long as the economy and retail sales are growing, both the base and value of the sales tax increase. It is not necessary to hike a sales tax rate to yield steadily growing revenues. Sales taxes tend to provide good revenue generating capacity, and they always capture the effects of inflation, which are reflected in the prices of the goods or services consumed. A key advantage from a resort community's perspective, however, is the prospect of some relief from the externalities generated by visitors from outside the community. Because visitors and tourists will likely spend at least a portion of their incomes in the municipality, a general retail sales tax captures a portion of that income to help cover the costs of providing services to non-residents. This point was clearly stated in Park City, Utah's 2003 Budget:

> *"The high tourist population, if not funded through [a sales] tax, would place a large tax burden on the permanent residents of Park City."* ***(Park City, 2003 Citizen's Budget).***

If a tighter link to economic activity is a key advantage of the sales tax, that is also its prime disadvantage. Because sales taxes are more elastic than property taxes, they are also more vulnerable to the ups and downs of the local economy. Municipalities that are overly reliant on sales taxes could find themselves with a severe revenue shortfall during an economic downturn. This prospect is doubly dangerous for a community that is heavily reliant on a single industry such as tourism. This point is made amply clear by the town administration of Jackson Wyoming in its introduction to the 2001 municipal budget:

> *"The Town of Jackson annual budget is heavily dependent on sales tax revenues. At best, this is a volatile foundation to build a budget. Whether it be $2 gasoline prices, an airline pull-out, or restriction on access to the national parks, our budget would be impacted."*
>
> ***(Town of Jackson, 2001 Municipal Budget)***

Another problem with local general sales taxes is that they could produce excessive distortions. The non-neutralities of municipal sales taxes can be significant. For example, if a municipality were to implement a general sales tax, it could stimulate a shift in consumption to non-taxing jurisdictions. While some argue that municipalities should be free to experiment and compete with tax policy, the relatively small size of many municipalities, and the presence of other competing municipalities, mean such taxes may be too easily avoided, compelling municipalities to move back to the property tax simply because of the immobility of the property tax base (Tullock 1994).

At the same time, many resort communities cater to a specific clientele and many are somewhat isolated. Both reduce the prospect of potentially destructive tax competition. But even if this is not the case, there are ways to lessen the potential

distortions of locally levied sales taxes. First, if it was decided that municipalities should be allowed to set their own sales tax rates, provincial legislation could specify a maximum tax rate differential to help avoid destructive tax competition. Second, a general retail sales tax could be levied, administered, and collected province-wide, with the amounts remitted to all municipalities based on point of sale. Third, some local sales taxes exempt expensive items to reduce distortions. The idea behind the exemptions is that consumers will not trouble themselves with avoiding "a few dollars" in tax. In Utah, for example, Park City's special Resort Revenue Sales Tax does not apply to items in excess of $2,500.

## 3. Selective Sales Taxes

A second set of consumption-based taxes are *selective sales taxes* or *excise taxes*. Unlike a general retail sales tax, selective taxes do not apply to a broad basket of goods and services, but are targeted against certain goods and services. These taxes can be expressed as a percentage of the total cost of a good or service (e.g., 7% on restaurant meals) or as a flat dollar amount per each unit of an item purchased (e.g., 10¢ per each litre of fuel). Selective sales taxes either apply to items that are exempted from a general sales tax, or they apply in addition to the general retail sales tax. Examples of selective sales taxes used by many resort communities include lodging and accommodations, the rental of motor vehicles, on-sale consumption of alcohol in public premises, restaurant meals, and entertainment events.

A key strength of selective sales taxes for resort communities is that they capture economic activity generated primarily by tourists – the focus of the tax is on those items generally consumed by visitors as opposed to residents. Taxes on lodging, restaurants, and car rentals, for example, focus on services disproportionately consumed by visitors. These taxes may also produce fewer distortions since they apply to a more limited range of goods and services, some of which are only available in the municipality (e.g., entertainment events). However, this also implies a narrower tax base, which means their ability to generate revenue is less powerful. These taxes may also be more prone to the vagaries of the local economy since they tend to target luxury items. As such, selective sales taxes can only act as a supplemental tax.

## 4. Specific Business Taxes

Several types of business taxes (excluding the square footage tax, which is more properly a property tax) are employed by municipalities. The first is the *franchise fee, franchise tax*, or *special sales tax* on public and private utilities. (Other businesses pay franchise fees, rents, and concessions as well, but the majority of these taxes are paid by utilities.) This tax is imposed on the sale of electricity, natural gas, cable TV, telecommunications, water, sewer, and even solid waste. The tax is usually levied for one of three reasons. First, municipalities may tax sales from their own utilities to raise general revenue. Second, municipalities tax private utilities for the privilege of conducting operations within the town or using municipal right-of-ways. Third, the tax is used as an alternative to the property tax. Some utilities are not subject to property tax because of the extremely high value of utility properties and the difficulty this presents for assessment. The rates of taxation on utilities are sometimes specified in state or provincial legislation, but most municipalities also engage in negotiation with private and provincial or state-owned utilities to arrive at a mutually acceptable tax rate. This rate is typically expressed as a percentage of the gross sales recorded by the utility from customers in the municipality.

A second type of business tax is a *general gross receipts tax*. This tax functions like a franchise tax, but applies to all types of businesses. With this tax, municipalities set a tax rate, expressed in percentage terms, and apply it to the gross earnings of many types of businesses. At first glance, franchise taxes and gross receipts taxes appear to be a modified form of a corporate income or sales tax. But, the tax does not apply to profit and neither is it collected at point of sale. Rather, amounts payable are often remitted by businesses, either quarterly or annually, using a tax form. (No resort in this study currently uses this tax.)

A third type of levy is the *employee tax*, which requires employees and employers to pay a flat dollar amount for the privilege of working in a town or city. This tax amounts to a "head" or "poll" tax. Employers and employees often split the cost of the tax. Deductions are taken at source and are remitted monthly.

Finally, there is a group of *other business taxes* – a hodge-podge of levies based on the type of business activity or some other non-traditional tax base. For example, Park City, Utah has a graduated set of "licenses" that charge businesses a "fee" based on the number of rooms in a hotel or the square footage of a restaurant or office. Aspen, Colorado levies its own Business Occupation Tax, which charges businesses a licensing fee ranging from a modest $150 up to $700.

Each business tax has its own advantages and disadvantages. Utility franchise taxes and gross receipts taxes are based on gross earnings or sales, and have the same advantages as selective sales taxes. They link to consumption, and as such, the value of the revenue stream grows as consumption and business sales increase. The advantage of the employee head tax is that people working in a municipality, but perhaps residing elsewhere, contribute at least a modest amount to the municipality in which they work. The advantages of other business and occupation taxes can only be assessed on a case-by-case basis.

At the same time, there are a number of disadvantages with these taxes. From the perspective of business, none of them resemble a tax on profit, and thus suffer from the same criticisms typically levelled against the property-based "square footage" business tax. A company may very well have millions in annual gross earnings, yet fail to make a profit, and still face a substantial tax liability. Employee "head taxes" suffer from the same criticisms levelled against all types of payroll taxes, with the most devastating charge being the negative impact on job creation.

## 5. Other Taxes

There is a limited group of other taxes available to some municipalities. First is the *real estate transfer tax (RETT)*. Revenue derived from an RETT comes from a percentage tax rate applied to the value of certain real estate transactions. Under an RETT, purchasers of properties are required to forward a percentage of the gross sales price to the taxing authority. While the RETT mimics a selective sales tax, the tax base is not always the purchase price. For example, a variant of the RETT is a *deed tax* – when a mortgage is signed and the deed to the property registered, a municipality applies a tax on the registered amount of the principal portion of the mortgage.

The advantages of the RETT are much the same as any selective sales tax, and in some ways, it also seems to complement the existing general property tax, with fewer complications. For example, the tax base is more easily quantified because it rests on price rather than some notion of assessment. At the same time, the tax is a one-time levy, paid only when real estate changes hands. Thus, a significant disadvantage of the tax is simply the size of the amounts involved. A 1.0% RETT on a modest home worth $150,000 would cost a taxpayer $1,500.

Many U.S. municipalities also have access to a range of taxes on *motor vehicles*. Typically, these taxes are expressed as a flat dollar amount, and vary depending on the age and estimated value of the vehicle. For example, a certain tax rate applies to new vehicles, and the rate declines according to a standardized depreciation schedule, often constructed around some concept of "book value." The taxes are paid annually when the vehicle is registered. Such taxes typically apply to all vehicles, whether used for personal or business purposes.

In the municipal context, taxes on vehicles seem to make a lot of sense. The key advantage is that municipalities can recoup some of the costs of transportation infrastructure by directly taxing those who use the roads. While the link is not as strong as a road toll, the tax does represent a type of "user fee." The link is made stronger when the tax is restricted for transportation purposes. At first glance, the tax would also seem to be quite fair in that higher amounts are paid by owners of new and expensive luxury vehicles. (No resorts included in this study had access to specific taxes on vehicles, but many in the U.S. do receive a share of motor vehicle registration revenues from either the state government or the county.)

## 6. Tax-Sharing

*Tax-sharing* involves a transfer of tax revenue from a provincial or state government to a local government. Taxes that are typically shared include general sales taxes, selective sales taxes on fuel, tobacco and liquor, and motor vehicle registration fees. Taxes are usually shared based on either a transfer of tax points (e.g., 3% points are shared from a 10% point tax) or a percentage of the revenue yield. Distinguishing between a *local sales tax* and *tax-sharing* is not always easy. In this study, a local sales tax would be in place if the taxing jurisdiction has at least some control over

the rate, if revenues are largely unrestricted, and the tax is either collected locally or remitted back to the taxing jurisdiction based on the value of retail sales. On the other hand, tax-sharing refers to the transfer of revenue that might include other factors such as relative population size, and/or where the revenues received are largely earmarked. As such, the great majority of "tax" revenue in Jackson is more properly referred to as tax-sharing, since most amounts received are distributed based on local property values and relative population size.

For municipalities, the strength of any tax-sharing scheme is a direct function of how the tax is shared, and how much is shared. There are two basic options. First, the tax-sharing can be based on *point of sale*. For example, a state or province might levy a 10% sales tax on all lodging. The state or province then shares with a municipality 3% points (or 30% of the revenues) of the 10% tax. With this type of tax-sharing, the municipality receives revenue equal to 3% of all lodging consumed in the municipality. This form of tax-sharing is the most powerful, because it allows cities to capture a portion of the revenue generated within their own boundaries. Second, state or provincial governments sometimes pool the revenues and then remit them according to a formula that *equalizes* the amounts across municipalities. While such tax-sharing formulas can be very complex, they typically include population size, the value of the local tax base, or some combination of both. In some instances, both point-of-sale and equalized formulas are used to share taxes.

Tax-sharing has a number of advantages as a revenue source. The most obvious is indirect access to a more diverse set of tax revenues. If the tax-sharing is based on point of sale, the revenue also links directly to local economic activity and growth. Because the tax is imposed, administered, and collected centrally, tax-sharing will not produce distortions like locally levied sales taxes. Tax-sharing, like grants, also provides municipalities with revenue to compensate for the costs generated by outsiders. This is no small consideration for resort communities. Unlike grants, tax-sharing has an added benefit in that the amounts are usually specified in a legislated formula that provides consistent and predictable streams of revenue. The key deficiency with tax-sharing is accountability. Whenever revenue and expenditure decisions are made independently, accountability becomes muddled and the system tends to allocate resources less efficiently (Kitchen 1993). In addition, most tax-sharing revenue is restricted or earmarked for specific expenditures, reducing municipal autonomy. For example, most fuel tax-sharing revenues must be spent on maintaining roadways and bridges.

## 7. Grants and Contributions

*Grants* and *contributions* come from federal, provincial, state, and county governments. These transfers are either restricted for certain purposes (specific or conditional) or unrestricted (non-specific and unconditional). Grants are distinguished from tax-sharing because they are not a transfer of tax points or a percentage of revenue from a specific tax. For local governments, grants serve two primary purposes. First, grants are designed to help reduce any potential mismatch between a municipality's fiscal capacity and its responsibilities, and to help it recoup the costs of providing services to non-residents (vertical equity). Second, grants are intended to equalize revenues by offering support to those municipalities with a weaker tax base (horizontal equity).

Grants share many of the same disadvantages as tax-sharing, with an additional drawback – the amounts received are usually at the discretion of the granting authority. Tax-sharing, on the other hand, represents a more predictable revenue stream because it is formalized through legislation or intergovernmental agreements. In western Canada, grants have not generally served as a growing or predictable source of revenue. For most municipalities, grants have become more ad hoc and conditional in nature. In the U.S., grants are usually much less significant than tax-shared revenues.

## 8. User Fees

User fees are designed to defray the cost of services that provide private benefits, and constitute a significant source of funding for most municipalities. User fees can be divided into two categories. First are *general user fees*, which are intended to recover the costs for government services such as planning, engineering, recreation, culture, libraries, etc. Some of these services are supported only partially by user fees, with the difference being covered by tax revenue. A second set of fees are *utility* or *enterprise fees*. Generally, these fees are designed

to fully recover the costs of providing a service. Typical examples include water, sewer, and electricity. Some of these fees also generate a profit, which is then used to support general government expenditures.

User fees have a number of advantages. User pay meets the three criteria of effectiveness, efficiency and equity. User fees are equitable in the sense that people pay for what they consume. User fees are efficient in that they provide the right amount of service for the right price. User fees are also effective because they ensure that services are readily available. User pay systems dispel the myth that public goods are free goods, and they ensure that any increased demand for services is covered by both residents and visitors who use the services. However, user fees have limited potential for growth. While user fee revenue will increase as more people and visitors use more services, any net revenue gain is offset, in whole or in part, by the increased costs of providing more services. For user fees to contribute meaningfully to any increase in total revenue, municipalities would have to intentionally expand the number of services to which fees applied, or substantially increase fees relative to the costs of providing existing services. For resort municipalities, it may not be reasonable to assume that user fees alone can cover the full price of over-investment needed to handle the annual surge of visitors to the community. More important, some resort municipalities are not responsible for providing a full range of services to the community, and user fees constitute only a small portion of revenue.

### 9. Other Income

All resorts in the study report a group of other revenues, usually comprised of *permits, licenses, fines and penalties, interest income,* and the all-encompassing, but mysterious, *miscellaneous* category. For some Canadian and U.S. resorts, these amounts are not at all insignificant. At the same time, neither do they tend to represent substantial revenue-generating capacity.

## CAVEATS

The dataset on pages 12 through 21 details the revenue sources open to each resort community, how they are used, and their importance to each municipality's budget. In considering the data, everal caveats should be mentioned. First, western Canadian municipalities consolidate their fiscal information, while U.S. municipalities use fund-based accounting. In consolidating the U.S. figures, one runs the risk of double-counting revenues since transfers between funds are not always eliminated. It is important to keep the focus off minor differences – they may be the result of different accounting practices.

Second, no two municipalities define or aggregate revenues the same way. For example, property tax totals for most Canadian municipalities include "revenue-in-lieu." These are funds given by federal, provincial, and state governments (as well as private businesses) whose properties are exempt from property tax. Revenue-in-lieu is problematic because U.S. municipalities do not tend to break it out, and may even include it in a different category. To avoid inflating the property taxes collected by western Canadian municipalities, the dataset combines revenue-in-lieu with grants, which loosely reflects the practice of some U.S. municipalities. In building the dataset, such decisions were guided by the desire to provide the best possible fit between municipalities. While all the issues could not be addressed, the data remain reasonably comparable.

Third, the proportion of a budget coming from different revenue sources depends on the level of services provided, especially utilities. For example, an electrical utility (like that in Aspen, Colorado) can inflate a budget, reduce the contribution of other revenue sources, and skew comparisons. Also, local government in the U.S. is more fragmented than in Canada – municipalities, counties, and special taxing districts all provide municipal services, which can impact on the size of a municipality's budget. These factors need to be considered when making comparisons with the data.

Fourth, per capita amounts for all municipalities were calculated using 2000 census data for U.S. resorts and 2001 census data for the Canadian resorts, but the financial information represents years from 1999 to 2003. While this impacts on the total per capita amounts, the census data are more accurate than most population estimates. Further, all dollar amounts are presented in each resort's national currency. This is not problematic if both currencies are assumed to have roughly equivalent purchasing power on their respective sides of the border. While purchasing power is no small issue, this study makes no attempt to determine whether western Canadian resorts are facing a revenue shortfall compared to their U.S. counterparts. Rather, the purpose is to arrive at a reasonable estimate of the importance of specific revenue sources.

# WHISTLER

BRITISH COLUMBIA

Population (1991 Census) ..... 4,459
Population (2001 Census) ..... 8,896
Ten Year Change in Population ..... 99.5%
Reputation ..... First in the World

## BUDGET ANALYSIS (2000 Actuals, Cdn $)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $18,160,234 | $2,041.30 | 33.3% |
| Other Property Taxes | $3,826,061 | $430.09 | 7.0% |
| TOTAL PROPERTY TAXES | $21,986,295 | $2,471.40 | 40.3% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | $3,660,673 | $411.50 | 6.7% |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | $3,660,673 | $411.50 | 6.7% |
| Franchise Fees/Utility Taxes | | | Amount Unreported |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | | | |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | $9,724 | $1.10 | 0.1% |
| TOTAL TAX-SHARING | $9,724 | $1.10 | 0.1% |
| Grants/Intergovernmental | $807,716 | $90.77 | 1.5% |
| All Other Contributions | $347,371 | $39.06 | 0.6% |
| TOTAL GRANTS/CONTRIBUTIONS | $1,155,087 | $129.84 | 2.1% |
| Government Service User Fees | $19,227,515 | $2,161.37 | 35.2% |
| Utility/Enterprise Revenue | $5,198,252 | $584.33 | 9.5% |
| TOTAL USER FEE REVENUE | $24,425,767 | $2,745.70 | 44.7% |
| Licenses and Permits | | | Amount Unreported |
| Fines and Penalties | | | Amount Unreported |
| Interest Income | $2,660,048 | $299.02 | 4.9% |
| Miscellaneous | $654,606 | $73.58 | 1.2% |
| TOTAL OTHER REVENUE | $3,314,654 | $372.60 | 6.1% |
| TOTAL REVENUE | $54,552,200 | $6,132.22 | 100.0% |

SOURCE: Derived by CWF based on Whistler's 2000 Consolidated Financial Statements and a CWF interview conducted on February 6, 2003.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

The property tax is Whistler's primary revenue staple, contributing over 40% of all revenues in 2000. Whistler is able to set its own property tax rates. Property tax revenues are not capped, and the use of property tax revenue is unrestricted. The province is responsible for assessment and exerts significant control over assessment practices. While Whistler can set its own rates, the municipality must stay within a provincially legislated ratio for the effective tax rates applying to business and residential properties. Whistler collects all the property taxes paid within its jurisdiction and remits the amounts to be shared. Whistler shares property tax room with the regional school district, the regional municipal district government, the regional hospital district, the BC Municipal Financing Authority and the BC Assessment Authority. Each jurisdiction sets its own mill rates.

### General Retail Sales Tax

Access: NO Usage: NO

**NO ACCESS**

### Selective Sales Taxes

Access: YES Usage: YES

Whistler has access to one selective sales tax, that being a lodging tax on accommodations. The tax rate is 2.0% on all lodging within the municipality. The municipality is free to set its own rate of tax, but it is capped by provincial legislation at 2.0%. The municipal lodging tax is "piggy-backed" onto the province's 8.0% lodging tax, yielding a combined effective tax rate of 10.0%. The tax is collected by the province and remitted to Whistler. The tax is earmarked. Revenues are to be used for the promotion of tourism, event planning, and economic development.

### Specific Business Taxes

Access: YES Usage: YES

The province of British Columbia does allow some municipalities to levy a special business property tax based on an annual assessed rental value of business properties, but this tax is not currently in play in Whistler. The municipality does, however, collect revenue-in-lieu of tax from utility operations. In many ways, this acts as a franchise tax since the revenue received is based on the revenues earned by certain utilities. It is unclear the extent to which these revenues impact the municipal budget as it is not broken out in the financial statements.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

### Tax Sharing

Access: YES Usage: YES

British Columbia used to have a tax-sharing system where municipalities received a 1% share of personal and corporate income tax revenue and a 6% share of the revenue from other taxes. This was eliminated in 1994 and replaced with a granting scheme. In 1997, this program was curtailed. Currently, Whistler receives only a small amount of provincial fine revenue, representing 0.1% of total revenues in fiscal 2000.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Federal unconditional grants come in the form of revenue-in-lieu of taxes. Provincial unconditional grants are based on Whistler's relative population compared to other municipalities. Federal conditional grants are used for infrastructure and provincial conditional grants are available for utility operations. Revenue-in-lieu of taxes are also paid by the federal and provincial governments. User fees are the largest source of revenue. Whistler collects general user fees for a wide range of services including parking, recreation facilities, libraries, and museums. Impact fees are also paid to the municipality by the developers of new properties. Utility and enterprise user fees include public transit, water, sewer, and solid waste collection. Interest income is a large portion of the municipal budget at almost 5% of total revenue. This is higher than many of the resort communities in this study.

# BANFF

ALBERTA

Population (1991 Census) ..... 5,688
Population (2001 Census) ..... 7,135
Ten Year Change in Population ..... 25.4%
Reputation ..... Fifth in the World

## BUDGET ANALYSIS (2000 Actuals, Cdn$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $7,001,589 | $981.31 | 40.5% |
| Other Property Taxes | $169,667 | $23.78 | 1.0% |
| TOTAL PROPERTY TAXES | $7,171,256 | $1,005.09 | 41.5% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $376,830 | $52.81 | 2.2% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $376,830 | $52.81 | 2.2% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $1,728,198 | $242.23 | 10.0% |
| All Other Contributions | $995,951 | $139.59 | 5.8% |
| TOTAL GRANTS/CONTRIBUTIONS | $2,724,149 | $381.80 | 15.8% |
| Government Service User Fees | $1,291,821 | $181.06 | 7.5% |
| Utility/Enterprise Revenue | $3,058,560 | $428.67 | 17.7% |
| TOTAL USER FEE REVENUE | $4,350,381 | $609.73 | 25.2% |
| Licenses and Permits | $1,267,353 | $177.62 | 7.3% |
| Fines and Penalties | $482,614 | $67.64 | 2.8% |
| Interest Income | $860,992 | $120.67 | 5.0% |
| Miscellaneous | $35,519 | $4.98 | 0.2% |
| TOTAL OTHER REVENUE | $2,646,478 | $370.91 | 15.3% |
| TOTAL REVENUE | $17,269,094 | $2,420.34 | 100.0% |

SOURCE: Derived by CWF from Alberta Municipal Affairs' MFIS electronic financial database at the Alberta Government website (www3.gov.ab.ca/ma/mo/mfistable/mfis_table.zip).

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Total property tax collections in 2000 amounted to just over $1,000 per capita. The property tax is the only tax available to the Town of Banff. Total property tax collections constituted over 40% of the entire municipal budget in 2000. The municipality has the right to set its own property tax rates. Neither the tax rates nor the revenue yield are capped. All property tax revenues are unrestricted. Properties in the municipality are reassessed annually by contracted assessors who work under provincial standards and regulations set out in the *Municipal Government Act*. Property tax room is shared between the municipality, the Seniors' Foundation, and provincial education funding. In fiscal 2000, Banff retained just under 49% of all residential and commercial property taxes collected in the municipality (excluding revenue-in-lieu amounts).

### General Retail Sales Tax

Access: NO Usage: NO

**NO ACCESS**

### Selective Sales Taxes

Access: NO Usage: NO

**NO ACCESS**

### Specific Business Taxes

Access: YES Usage: YES

Banff, like other municipalities in the province, levies franchise taxes and fees on utilities and other businesses, typically in lieu of property taxes. The amounts generated from this tax are nominal, amounting to just over 2% of Banff's total budget revenue in fiscal 2000. Municipalities in the province are also allowed to levy a special business tax based the annual assessed rental value of business properties. This tax is not currently in play in Banff.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

### Tax-Sharing

Access: NO Usage: NO

**NO ACCESS**

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Banff receives unconditional and conditional grants from the federal and provincial governments. Unconditional grants are received for operating purposes, and also come in the form of revenue-in-lieu of taxes. Conditional grants are received from the federal and provincial governments for capital purposes. Total intergovernmental revenues (federal, provincial, and other local governments) constitute about 16% of the total budget. Banff collects general user fees for a range of services, as well as utility operations including public transit, water, sewer, and solid waste collection. Other income includes licenses and permits, fines, tax penalties, investment income, and miscellaneous amounts. Out of all the resorts in this study, Banff collects the most from licenses and permits at $1.3 million annually, but interest income is only one-third of the amount collected by Whistler.

BRITISH COLUMBIA

Population (1991 Census) ..... 4,459
Population (2001 Census) ..... 8,896
Ten Year Change in Population ..... 99.5%
Reputation ..... First in the World

## BUDGET ANALYSIS (2000 Actuals, Cdn $)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $18,160,234 | $2,041.79 | 33.3% |
| Other Property Taxes | $3,826,061 | $430.09 | 7.0% |
| TOTAL PROPERTY TAXES | $21,986,295 | $2,471.68 | 40.3% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | $3,660,673 | $411.50 | 6.7% |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | $3,660,673 | $411.50 | 6.7% |
| Franchise Fees/Utility Taxes | Amount Unreported | | |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | | | |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | $9,724 | $1.10 | 0.1% |
| TOTAL TAX-SHARING | $9,724 | $1.10 | 0.1% |
| Grants/Intergovernmental | $807,716 | $90.79 | 1.5% |
| All Other Contributions | $347,371 | $39.05 | 0.6% |
| TOTAL GRANTS/CONTRIBUTIONS | $1,155,087 | $129.84 | 2.1% |
| Government Service User Fees | $19,227,515 | $2,161.37 | 35.2% |
| Utility/Enterprise Revenue | $5,198,252 | $584.33 | 9.5% |
| TOTAL USER FEE REVENUE | $24,425,767 | $2,745.70 | 44.7% |
| Licenses and Permits | Amount Unreported | | |
| Fines and Penalties | Amount Unreported | | |
| Interest Income | $2,660,048 | $299.02 | 4.9% |
| Miscellaneous | $654,606 | $73.58 | 1.2% |
| TOTAL OTHER REVENUE | $3,314,654 | $372.60 | 6.1% |
| TOTAL REVENUE | $54,552,200 | $6,132.22 | 100.0% |

SOURCE: Derived by CWF based on Whistler's 2000 Consolidated Financial Statements and a CWF interview conducted on February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

The property tax is Whistler's primary revenue staple, contributing over 40% of all revenues in 2000. Whistler is able to set its own property tax rates. Property tax revenues are not capped, and the use of property tax revenue is unrestricted. The province is responsible for assessment and exerts significant control over assessment practices. While Whistler can set its own rates, the municipality must stay within a provincially legislated ratio for the effective tax rates applying to business and residential properties. Whistler collects all the property taxes paid within its jurisdiction and remits the amounts to be shared. Whistler shares property tax room with the regional school district, the regional municipal district government, the regional hospital district, the BC Municipal Financing Authority and the BC Assessment Authority. Each jurisdiction sets its own mill rates.

### General Retail Sales Tax

Access: NO Usage: NO

NO ACCESS

### Selective Sales Taxes

Access: YES Usage: YES

Whistler has access to one selective sales tax, that being a lodging tax on accommodations. The tax rate is 2.0% on all lodging within the municipality. The municipality is free to set its own rate of tax, but it is capped by provincial legislation at 2.0%. The municipal lodging tax is "piggy backed" onto the province's 8.0% lodging tax, yielding a combined effective tax rate of 10.0%. The tax is collected by the province and remitted to Whistler. The tax is earmarked. Revenues are to be used for the promotion of tourism, event planning and economic development.

### Specific Business Taxes

Access: YES Usage: YES

The province of British Columbia does allow some municipalities to levy a special business property tax based on an annual assessed rental value of business properties, but this tax is not currently in play in Whistler. The municipality does, however, collect revenue in lieu of tax from utility operations. In many ways, this acts as a franchise tax since the revenue received is based on the revenues earned by certain utilities. It is unclear the extent to which these revenues impact the municipal budget as it is not broken out in the financial statements.

### Other Taxes

Access: NO Usage: NO

NO ACCESS

### Tax-Sharing

Access: YES Usage: YES

British Columbia used to have a tax sharing system where municipalities received a 1% share of personal and corporate income tax revenue and a 6% share of the revenue from other taxes. This was eliminated in 1994 and replaced with a granting scheme. In 1997 this program was curtailed. Currently, Whistler receives only a small amount of provincial fine revenue, representing 0.1% of total revenues in fiscal 2000.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Federal unconditional grants come in the form of revenue in lieu of taxes. Provincial unconditional grants are based on Whistler's relative population compared to other municipalities. Federal conditional grants are used for infrastructure and provincial conditional grants are available for utility operations. Revenue in lieu of taxes are also paid by the federal and provincial governments. User fees are the largest source of revenue. Whistler collects general user fees for a wide range of services including parking, recreation facilities, libraries, and museums. Impact fees are also paid to the municipality by the developers of new properties. Utility and enterprise user fees include public transit, water, sewer, and solid waste collection. Interest income is a large portion of the municipal budget at almost 5% of total revenue. This is higher than many of the resort communities in this study.

ALBERTA

Population (1991 Census) ..... 5,688
Population (2001 Census) ..... 7,135
Ten Year Change in Population ..... 25.4%
Reputation ..... Fifth in the World

## BUDGET ANALYSIS (2000 Actuals, Cdn$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $7,001,589 | $981.37 | 40.5% |
| Other Property Taxes | $169,667 | $23.78 | 1.0% |
| TOTAL PROPERTY TAXES | $7,171,256 | $1,005.09 | 41.5% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $376,830 | $52.81 | 2.2% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $376,830 | $52.81 | 2.2% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $1,778,198 | $249.21 | 10.0% |
| All Other Contributions | $995,951 | $139.59 | 5.8% |
| TOTAL GRANTS/CONTRIBUTIONS | $2,774,149 | $388.80 | 15.8% |
| Government Service User Fees | $1,291,821 | $181.06 | 7.5% |
| Utility/Enterprise Revenue | $3,058,560 | $428.67 | 17.7% |
| TOTAL USER FEE REVENUE | $4,350,381 | $609.73 | 25.2% |
| Licenses and Permits | $1,267,353 | $177.62 | 7.3% |
| Fines and Penalties | $482,614 | $67.64 | 2.8% |
| Interest Income | $860,992 | $120.67 | 5.0% |
| Miscellaneous | $35,519 | $4.98 | 0.2% |
| TOTAL OTHER REVENUE | $2,646,478 | $370.93 | 15.3% |
| TOTAL REVENUE | $17,269,094 | $2,420.34 | 100.0% |

SOURCE: Derived by CMF from Alberta Municipal Affairs' MFIS electronic financial database of the Alberta Government website (www1.gov.ab.ca/mae/sec/mfistable/mfis_table.cfm).

## REVENUE TOOLS

### Residential and Commercial Property Tax — Access: YES Usage: YES

Total property tax collections in 2000 amounted to just over $1,000 per capita. The property tax is the only tax available to the Town of Banff. Total property tax collections constituted over 40% of the entire municipal budget in 2000. The municipality has the right to set its own property tax rates. Neither the tax rates nor the revenue yield are capped. All property tax revenues are unrestricted. Properties in the municipality are reassessed annually by contracted assessors who work under provincial standards and regulations set out in the *Municipal Government Act*. Property tax room is shared between the municipality, the Seniors' Foundation, and provincial education funding. In fiscal 2000, Banff retained just under 49% of all residential and commercial property taxes collected in the municipality (excluding revenue in lieu amounts).

### General Retail Sales Tax — Access: NO Usage: NO

NO ACCESS

### Selective Sales Taxes — Access: NO Usage: NO

NO ACCESS

### Specific Business Taxes — Access: YES Usage: YES

Banff, like other municipalities in the province, levies franchise taxes and fees on utilities and other businesses, typically in lieu of property taxes. The amounts generated from this tax are nominal, amounting to just over 2% of Banff's total budget revenue in fiscal 2000. Municipalities in the province are also allowed to levy a special business tax based the annual assessed rental value of business properties. This tax is not currently in play in Banff.

### Other Taxes — Access: NO Usage: NO

NO ACCESS

### Tax-Sharing — Access: NO Usage: NO

NO ACCESS

### Grants, Contributions, User Fees, Other — Access: YES Usage: YES

Banff receives unconditional and conditional grants from the federal and provincial governments. Unconditional grants are received for operating purposes, and also come in the form of revenue in lieu of taxes. Conditional grants are received from the federal and provincial governments for capital purposes. Total intergovernmental revenues (federal, provincial, and other local governments) constitute about 16% of the total budget. Banff collects general user fees for a range of services, as well as utility operations including public transit, water, sewer, and solid waste collection. Other income includes licenses and permits, fines, tax penalties, investment income, and miscellaneous amounts. Out of all the resorts in this study, Banff collects the most from licenses and permits at $1.3 million annually, but interest income is only one third of the amount collected by Whistler.

# ASPEN

COLORADO

Population (1991 Census) ..... 5,049
Population (2001 Census) ..... 5,914
Ten Year Change in Population ..... 17.1%
Reputation ..... Tenth in the World

## BUDGET ANALYSIS ($000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,039,819 | $514.09 | 6.2% |
| Other Property Taxes | $195,077 | $32.99 | 0.4% |
| TOTAL PROPERTY TAXES | $3,234,896 | $546.99 | 6.6% |
| TOTAL GENERAL SALES TAX | $12,208,819 | $2,064.39 | 24.7% |
| Lodging Sales Tax | Amount Unreported | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $773,847 | $130.86 | 1.6% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $773,847 | $130.86 | 1.6% |
| Real Estate Transfer Tax | $6,755,037 | $1,142.21 | 13.7% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $6,755,037 | $1,142.21 | 13.7% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $1,073,760 | $181.56 | 2.1% |
| Fuel Tax-sharing | $199,723 | $33.77 | 0.4% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | Amount Unreported | | |
| Vehicle Tax-sharing | $25,934 | $4.39 | 0.1% |
| Other Tax-sharing | $48,509 | $8.20 | 0.1% |
| TOTAL TAX-SHARING | $1,347,926 | $227.92 | 2.7% |
| Grants/Intergovernmental | $102,117 | $17.27 | 0.2% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $102,117 | $17.27 | 0.2% |
| Government Service User Fees | $5,309,475 | $897.78 | 10.8% |
| Utility/Enterprise Revenue | $12,405,405 | $2,097.63 | 25.1% |
| TOTAL USER FEE REVENUE | $17,714,880 | $2,995.41 | 35.9% |
| Licenses and Permits | $143,543 | $24.27 | 0.3% |
| Fines and Penalties | $94,766 | $16.02 | 0.2% |
| Interest Income | $2,865,167 | $484.47 | 5.8% |
| Miscellaneous | $4,106,658 | $694.43 | 8.3% |
| TOTAL OTHER REVENUE | $7,210,134 | $1,219.17 | 14.6% |
| TOTAL REVENUE | $49,347,656 | $8,344.71 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDIS), Department of Local Affairs (www.cdola.state.co.us/lg/codbases.htm) and a CWF interview on February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

General property taxes, special assessments, and taxes on certain items of personal property are not a significant revenue source (about 7% of the budget in 2000). The 1992 Bruce Amendment (the Taxpayer's Bill of Rights or TABOR) restricts the amount by which revenues can grow. Property tax revenues can only increase by inflation plus population growth. In November 2000, Aspen won a referendum to "de-Bruce" the property tax – revenue growth is now unrestricted for a five year period. Revenues above TABOR limits will be used to fund recreation facilities. The county is responsible for assessment and collection, and there are tight controls on assessment practices. Tax room is shared by Aspen, the county, schools, hospitals, libraries, colleges, and a sanitation district. Each sets its own tax rates. Property tax revenue is unrestricted, although amounts over TABOR limits are earmarked.

### General Retail Sales Tax

Access: YES Usage: YES

Aspen's general retail sales tax rate is 2.2%. Including the 2.9% Colorado state sales tax and the 3.5% county tax, the total combined general retail sales tax rate in Aspen is 8.6%. Aspen is allowed to set its own sales tax rate, and because revenues are earmarked, the rate is not legislatively capped by the Bruce Amendment. However, any increase in the tax rate does require voter approval. Authority for the tax comes from Aspen's home rule charter, and as such, the municipality administers and collects the tax itself (sales taxes imposed through state statute are typically collected and administered by the state and may be subject to different restrictions). All sales tax revenues are earmarked, with 1.5% points going for the purchase of park land and the acquisition of open space, 0.25% points for parking facilities, and 0.45% points for affordable housing.

### Selective Sales Taxes

Access: YES Usage: YES

The only municipally-levied selective sales tax currently in play in Aspen is an additional 1.0% tax on lodging and accomodations. The tax was implemented on January 1, 2001. This tax is in addition to Aspen's 2.2% general sales tax that already applies to lodging. Combined with all relevant state and county sales taxes, the total tax on lodging in Aspen is 9.6%. Revenues are not subject to TABOR, but increases require voter approval. Revenues from the lodging tax are earmarked, with 50% used to promote tourism, and the other 50% to fund public transit. Like other municipalities in Colorado, Aspen could likely levy additional selective sales taxes on items such as restaurant meals and the consumption of alcoholic beverages, and other goods and services. Aspen could set these tax rates, and they would not necessarily be capped. Any new taxes require voter approval.

### Specific Business Taxes

Access: YES Usage: YES

The primary business tax in Aspen are franchise taxes and fees on natural gas, electricity, cable TV and telephone utilities. In 2000, these taxes generated about $770,000. The only other source of business tax revenue aside from franchise taxes and fees are business permits and licenses. First, the municipality charges a Liquor Occupation Tax, which is a variable licensing permit dependent on a number of factors including the type of liquor served and the hours of operation. A second license is the Business Occupation Tax, which is a fee charged to businesses based on the number of full-time employees. These fees range from $150 to $700. Like other Colorado municipalities, Aspen could levy other taxes on businesses as well, such as an Employment Occupation Tax. This tax is a "head tax" paid by employees and employers. Currently, Aspen does not levy this tax.

### Other Taxes

Access: YES Usage: YES

Aspen has a 1.5% real estate transfer tax that applies to all real estate transactions except the sale of affordable housing. Taxes are due on the purchase of all real property (land and improvements) within the city limits of Aspen. Taxes are usually paid just before recording the purchase deed with Pitkin County. The 1.5% rate was originally set by the municipality, but rates have now been capped via the Bruce Amendment. The municipality administers and collects this tax. Again, revenues are heavily earmarked, with 1.0% points going toward affordable housing and 0.5% points going toward the renovation, restoration and maintenance of the Wheeler Opera House. Other possible taxes open to Aspen, but not currently in use, include a tax on amusements and entertainment.

### Tax-Sharing

Access: YES Usage: YES

Aspen receives a portion of the state fuel tax (Colorado Highway Users Fee) to fund transportation requirements. Amounts received are based on the total miles of roadway in Aspen. The state also shares motor vehicle registration fees based on the number of registered vehicles in the municipality compared to other jurisdictions. State tobacco sales taxes are shared based on relative population size. State lottery revenues are also shared with Aspen. Further, Pitkin County shares with Aspen a portion of its general sales tax of 3.5%. Pitkin County retains about 3.0% points of the tax, of which 1.5% is dedicated for public transit. Aspen receives the remaining 0.5% points and uses it for general revenue fund purposes. A small amount of other county taxes are also shared with Aspen for the maintenance of roads and bridges.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Aspen receives federal conditional grants for law enforcement, as well as state conditional grants. In fiscal 2000, Aspen received significant user fee revenue, which comprised 36% of the budget. This is a direct function of the many services provided by the municipality. Aside from general user fees for governmental and administrative services, Aspen has a large water utility, which distributes water outside of the municipal boundary. Aspen also owns its own electrical utility. The municipality also has a public housing enterprise that collects significant user fee income. Other income is primarily comprised of licenses and permits, fines, tax penalties, interest on investments, and a rather large miscellaneous category. Miscellaneous revenue is inflated due to "other" amounts recorded by Aspen's utility and enterprise activities.

# JACKSON

WYOMING

Population (1991 Census) ..... 4,472
Population (2001 Census) ..... 8,647
Ten Year Change in Population ..... 93.4%
Reputation ..... Fourth in North America

## BUDGET ANALYSIS (2001 Budget, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | | | |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | | | |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $350,000 | $40.49 | 1.7% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $350,000 | $40.49 | 1.7% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $8,106,500 | $937.30 | 40.2% |
| Fuel Tax-sharing | $270,000 | $31.22 | 1.3% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $75,000 | $8.67 | 0.4% |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | $1,275,000 | $147.45 | 6.3% |
| TOTAL TAX-SHARING | $9,726,500 | $1,124.84 | 48.2% |
| Grants/Intergovernmental | $363,460 | $42.03 | 1.8% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $363,460 | $42.03 | 1.8% |
| Government Service User Fees | $451,520 | $52.22 | 2.2% |
| Utility/Enterprise Revenue | $6,198,500 | $716.84 | 30.7% |
| TOTAL USER FEE REVENUE | $6,650,020 | $769.06 | 33.0% |
| Licenses and Permits | $451,500 | $52.21 | 2.2% |
| Fines and Penalties | $245,500 | $28.39 | 1.2% |
| Interest Income | $912,000 | $105.47 | 4.5% |
| Miscellaneous | $1,471,360 | $170.16 | 7.4% |
| TOTAL OTHER REVENUE | $3,080,360 | $356.23 | 15.3% |
| TOTAL REVENUE | $20,170,340 | $2,332.64 | 100.0% |

SOURCE: Derived by CWF from Jackson's 2001 Budget, The Wyoming Sales, Use and Lodging Tax Revenue Report (2001), and a CWF interview conducted February 6, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: NO

Jackson does have access to the general property tax, special assessments, and improvement levies, but does not currently levy any municipal property taxes. Rather, the municipality is wholly reliant on shared sales tax revenue. Currently, any property taxes paid in the Town of Jackson are received by the school district, with some revenues also accruing to the county. In Wyoming, the county assesses and collects all property taxes, and there are significant external controls on assessment practices. While the municipality could implement a property tax and set its own rates, the rate would be capped by the state at a maximum of eight mills. If Jackson were to levy a property tax, the use of the revenue would be unrestricted.

### General Retail Sales Tax

Access: NO Usage: NO

**NO ACCESS**

### Selective Sales Taxes

Access: YES Usage: NO

All cities, towns, and counties in Wyoming have access to a selective sales tax on lodging. However, neither the Town of Jackson nor Teton County currently levy the tax (Teton county used to levy a 2% lodging tax, but discontinued it in 1995). If Jackson were to implement the tax, voter approval would first be required. Each local jurisdiction is allowed to set its own rate of tax, but it would be capped by the State at 4.0% (this would apply over and above the state's general sales tax rate of 4.0%). The tax would be collected by the State and remitted based on point of sale. The State would keep 1% of revenues for administering the tax. The tax would be severely earmarked – only 10% of the revenue could be used for general purposes. The rest would be earmarked to promote travel and tourism. There are no provisions for any other local selective sales taxes.

### Specific Business Taxes

Access: YES Usage: YES

The Town of Jackson collects franchise taxes and fees on a wide range of utility services including telephone and telecommunications, natural gas, electricity, and cable TV companies. Generally, the rates of taxation are around 5% of total revenue earned by the utility from local customers. Like most municipalities, however, the amount of revenue generated by the tax is relatively small, comprising less than 2% of total budget revenue. No other major types of business taxes are available to the town, aside from a municipal business license.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

*(Municipalities do not have access to other taxes, but a real estate transfer tax has been proposed by Teton County. Revenues would be shared with municipalities. Implementation of the tax requires state approval.)*

### Tax-Sharing

Access: YES Usage: YES

Almost half of Jackson's budget comes from the sharing of taxes with Wyoming and Teton County. First, every county keeps 28% of the revenue generated from the state's 4.0% general sales tax (point-of-sale tax-sharing). A portion of this 28% is remitted to each municipality in the county based on an equalization formula where population size is a significant factor. Second, counties can levy an extra 1.0% local general sales tax on top of the 4.0% state tax. Teton County shares this revenue with municipalities based on population. Revenues from these two taxes are unrestricted. Third, counties can levy yet another 1.0% sales tax for capital purposes. All revenues are earmarked for specific projects. Municipalities receive revenue when their projects pass a referendum. Municipalities also receive a share of state resource taxes and levies on fuel and tobacco.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

In terms of grants, municipalities receive both federal and state conditional grants. Most federal grants flow through the state, but federal conditional grants are directly received for transit operations. Grants also help fund policing and other public safety services. Jackson collects only a small amount of general user fees, including recreational facility fees and developers fees (primarily earmarked for developing parking areas and the construction of municipal parks). General user fees constitute just over 2% of revenue, much less than other resorts in this study. In large part, this is because many government and cultural facilities are operated at the county level. In terms of utilities, Jackson collects fees for transit, water, and sewer services. The municipality does not collect any fees for solid waste collection, which is privatized. The municipality does not collect any fees for parking.

COLORADO

Population (1991 Census) ..... 5,049
Population (2001 Census) ..... 5,914
Ten Year Change in Population ..... 17.1%
Reputation ..... Tenth in the World

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,039,819 | $514.00 | 6.2% |
| Other Property Taxes | $195,077 | $32.99 | 0.4% |
| TOTAL PROPERTY TAXES | $3,234,896 | $546.99 | 6.6% |
| TOTAL GENERAL SALES TAX | $12,208,819 | $2,064.39 | 24.7% |
| Lodging Sales Tax | ..... Amount Unreported | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $773,847 | $130.85 | 1.6% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $773,847 | $130.85 | 1.6% |
| Real Estate Transfer Tax | $6,755,037 | $1,142.21 | 13.7% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $6,755,037 | $1,142.21 | 13.7% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $1,073,760 | $181.56 | 2.1% |
| Fuel Tax-sharing | $199,723 | $33.77 | 0.4% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | ..... Amount Unreported | | |
| Vehicle Tax-sharing | $25,934 | $4.39 | 0.1% |
| Other Tax-sharing | $48,509 | $8.20 | 0.1% |
| TOTAL TAX-SHARING | $1,347,926 | $227.92 | 2.7% |
| Grants/Intergovernmental | $102,117 | $17.27 | 0.2% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $102,117 | $17.27 | 0.2% |
| Government Service User Fees | $5,309,475 | $897.78 | 10.8% |
| Utility/Enterprise Revenue | $12,405,405 | $2,097.63 | 25.1% |
| TOTAL USER FEE REVENUE | $17,714,880 | $2,995.41 | 35.9% |
| Licenses and Permits | $143,543 | $24.27 | 0.3% |
| Fines and Penalties | $94,766 | $16.02 | 0.2% |
| Interest Income | $2,865,167 | $484.47 | 5.8% |
| Miscellaneous | $4,106,658 | $694.41 | 8.3% |
| TOTAL OTHER REVENUE | $7,210,134 | $1,219.17 | 14.6% |
| TOTAL REVENUE | $49,347,656 | $8,344.21 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDIS), Department of Local Affairs (www.dola.state.co.us/is/cedishom.htm) and a CWF interview on February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

General property taxes, special assessments, and taxes on certain items of personal property are not a significant revenue source (about 7% of the budget in 2000). The 1992 Bruce Amendment (the Taxpayer's Bill of Rights or TABOR) restricts the amount by which revenues can grow. Property tax revenues can only increase by inflation plus population growth. In November 2000, Aspen won a referendum to "de-Bruce" the property tax – revenue growth is now unrestricted for a five year period. Revenues above TABOR limits will be used to fund recreation facilities. The county is responsible for assessment and collection, and there are tight controls on assessment practices. Tax room is shared by Aspen, the county, schools, hospitals, libraries, colleges, and a sanitation district. Each sets its own tax rates. Property tax revenue is unrestricted, although amounts over TABOR limits are earmarked.

### General Retail Sales Tax

Access: YES Usage: YES

Aspen's general retail sales tax rate is 2.2%. Including the 2.9% Colorado state sales tax and the 3.5% county tax, the total combined general retail sales tax rate in Aspen is 8.6%. Aspen is allowed to set its own sales tax rate, and because revenues are earmarked, the rate is not legislatively capped by the Bruce Amendment. However, any increase in the tax rate does require voter approval. Authority for the tax comes from Aspen's home rule charter, and as such, the municipality administers and collects the tax itself (sales taxes imposed through state statute are typically collected and administered by the state and may be subject to different restrictions). All sales tax revenues are earmarked, with 1.5% points going for the purchase of park land and the acquisition of open space, 0.25% points for parking facilities, and 0.45% points for affordable housing.

### Selective Sales Taxes

Access: YES Usage: YES

The only municipally levied selective sales tax currently in play in Aspen is an additional 1.0% tax on lodging and accomodations. The tax was implemented on January 1, 2001. This tax is in addition to Aspen's 2.2% general sales tax that already applies to lodging. Combined with all relevant state and county sales taxes, the total tax on lodging in Aspen is 9.6%. Revenues are not subject to TABOR, but increases require voter approval. Revenues from the lodging tax are earmarked, with 50% used to promote tourism, and the other 50% to fund public transit. Like other municipalities in Colorado, Aspen could likely levy additional selective sales taxes on items such as restaurant meals and the consumption of alcoholic beverages, and other goods and services. Aspen could set these tax rates, and they would not necessarily be capped. Any new taxes require voter approval.

### Specific Business Taxes

Access: YES Usage: YES

The primary business tax in Aspen are franchise taxes and fees on natural gas, electricity, cable TV and telephone utilities. In 2000, these taxes generated about $770,000. The only other source of business tax revenue aside from franchise taxes and fees are business permits and licenses. First, the municipality charges a Liquor Occupation Tax, which is a variable licensing permit dependent on a number of factors including the type of liquor served and the hours of operation. A second license is the Business Occupation Tax, which is a fee charged to businesses based on the number of full-time employees. These fees range from $150 to $700. Like other Colorado municipalities, Aspen could levy other taxes on businesses as well, such as an Employment Occupation Tax. This tax is a "head tax" paid by employees and employers. Currently, Aspen does not levy this tax.

### Other Taxes

Access: YES Usage: YES

Aspen has a 1.5% real estate transfer tax that applies to all real estate transactions except the sale of affordable housing. Taxes are due on the purchase of all real property (land and improvements) within the city limits of Aspen. Taxes are usually paid just before recording the purchase deed with Pitkin County. The 1.5% rate was originally set by the municipality, but rates have now been capped via the Bruce Amendment. The municipality administers and collects this tax. Again, revenues are heavily earmarked, with 1.0% points going toward affordable housing and 0.5% points going toward the renovation, restoration and maintenance of the Wheeler Opera House. Other possible taxes open to Aspen, but not currently in use, include a tax on amusements and entertainment.

### Tax-Sharing

Access: YES Usage: YES

Aspen receives a portion of the state fuel tax (Colorado Highway Users Fee) to fund transportation requirements. Amounts received are based on the total miles of roadway in Aspen. The state also shares motor vehicle registration fees based on the number of registered vehicles in the municipality compared to other jurisdictions. State tobacco sales taxes are shared based on relative population size. State lottery revenues are also shared with Aspen. Further, Pitkin County shares with Aspen a portion of its general sales tax of 3.5%. Pitkin County retains about 3.0% points of the tax, of which 1.5% is dedicated for public transit. Aspen receives the remaining 0.5% points and uses it for general revenue fund purposes. A small amount of other county taxes are also shared with Aspen for the maintenance of roads and bridges.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Aspen receives federal conditional grants for law enforcement, as well as state conditional grants. In fiscal 2000, Aspen received significant user fee revenue, which comprised 36% of the budget. This is a direct function of the many services provided by the municipality. Aside from general user fees for governmental and administrative services, Aspen has a large water utility which distributes water outside of the municipal boundary. Aspen also owns its own electrical utility. The municipality also has a public housing enterprise that collects significant user fee income. Other income is primarily comprised of licenses and permits, fines, tax penalties, interest on investments, and a rather large miscellaneous category. Miscellaneous revenue is inflated due to "other" amounts recorded by Aspen's utility and enterprise activities.

WYOMING

Population (1991 Census) ..... 4,472
Population (2001 Census) ..... 8,647
Ten Year Change in Population ..... 93.4%
Reputation ..... Fourth in North America

## BUDGET ANALYSIS (2001 Budget, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | | | |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | | | |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $350,000 | $40.48 | 1.7% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $350,000 | $40.48 | 1.7% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $8,106,500 | $937.50 | 40.2% |
| Fuel Tax-sharing | $270,000 | $31.22 | 1.3% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $75,000 | $8.67 | 0.4% |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | $1,275,000 | $147.45 | 6.3% |
| TOTAL TAX-SHARING | $9,726,500 | $1,124.84 | 48.2% |
| Grants/Intergovernmental | $363,460 | $42.03 | 1.8% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $363,460 | $42.03 | 1.8% |
| Government Service User Fees | $451,520 | $52.22 | 2.3% |
| Utility/Enterprise Revenue | $6,198,500 | $716.84 | 30.7% |
| TOTAL USER FEE REVENUE | $6,650,020 | $769.06 | 33.0% |
| Licenses and Permits | $451,500 | $52.21 | 2.2% |
| Fines and Penalties | $245,500 | $28.39 | 1.2% |
| Interest Income | $912,000 | $105.47 | 4.5% |
| Miscellaneous | $1,471,360 | $170.16 | 7.4% |
| TOTAL OTHER REVENUE | $3,080,360 | $356.23 | 15.3% |
| TOTAL REVENUE | $20,170,340 | $2,332.64 | 100.0% |

SOURCE: Derived by CWF from Jackson's 2001 Budget, The Wyoming Sales, Use and Lodging Tax Revenue Report (2001), and a CWF interview conducted February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax — Access: YES — Usage: NO

Jackson does have access to the general property tax, special assessments, and improvement levies, but does not currently levy any municipal property taxes. Rather, the municipality is wholly reliant on shared sales tax revenue. Currently, any property taxes paid in the Town of Jackson are received by the school district, with some revenues also accruing to the county. In Wyoming, the county assesses and collects all property taxes, and there are significant external controls on assessment practices. While the municipality could implement a property tax and set its own rates, the rate would be capped by the state at a maximum of eight mills. If Jackson were to levy a property tax, the use of the revenue would be unrestricted.

### General Retail Sales Tax — Access: NO — Usage: NO

NO ACCESS

### Selective Sales Taxes — Access: YES — Usage: NO

All cities, towns, and counties in Wyoming have access to a selective sales tax on lodging. However, neither the Town of Jackson nor Teton County currently levy the tax (Teton county used to levy a 2% lodging tax, but discontinued it in 1995). If Jackson were to implement the tax, voter approval would first be required. Each local jurisdiction is allowed to set its own rate of tax, but it would be capped by the State at 4.0%. (This would apply over and above the state's general sales tax rate of 4.0%). The tax would be collected by the State and remitted based on point of sale. The State would keep 1% of revenues for administering the tax. The tax would be severely earmarked – only 10% of the revenue could be used for general purposes. The rest would be earmarked to promote travel and tourism. There are no provisions for any other local selective sales taxes.

### Specific Business Taxes — Access: YES — Usage: YES

The Town of Jackson collects franchise taxes and fees on a wide range of utility services including telephone and telecommunications, natural gas, electricity, and cable TV companies. Generally, the rates of taxation are around 5% of total revenue earned by the utility from local customers. Like most municipalities, however, the amount of revenue generated by the tax is relatively small, comprising less than 2% of total budget revenue. No other major types of business taxes are available to the town, aside from a municipal business license.

### Other Taxes — Access: NO — Usage: NO

NO ACCESS

*(Municipalities do not have access to other taxes, but a real estate transfer tax has been proposed by Teton County. Revenues would be shared with municipalities. Implementation of the tax requires state approval.)*

### Tax-Sharing — Access: YES — Usage: YES

Almost half of Jackson's budget comes from the sharing of taxes with Wyoming and Teton County. First, every county keeps 26% of the revenue generated from the state's 4.0% general sales tax (point of sale tax sharing). A portion of this 26% is remitted to each municipality in the county based on an equalization formula where population size is a significant factor. Second, counties can levy an extra 1.0% local general sales tax on top of the 4.0% state tax. Teton County shares this revenue with municipalities based on population. Revenues from these two taxes are unrestricted. Third, counties can levy yet another 1.0% sales tax for capital purposes. All revenues are earmarked for specific projects. Municipalities receive revenue when their projects pass a referendum. Municipalities also receive a share of state resource taxes and levies on fuel and tobacco.

### Grants, Contributions, User Fees, Other — Access: YES — Usage: YES

In terms of grants, municipalities receive both federal and state conditional grants. Most federal grants flow through the state, but federal conditional grants are directly received for transit operations. Grants also help fund policing and other public safety services. Jackson collects only a small amount of general user fees, including recreational facility fees and developers fees (primarily earmarked for developing parking areas and the construction of municipal parks). General user fees constitute just over 2% of revenue, much less than other resorts in this study. In large part, this is because the ski, government, and cultural facilities are operated at the county level. In terms of utilities, Jackson collects fees for transit, water, and sewer services. The municipality does not collect any fees for solid waste collection, which is privatized. The municipality does not collect any fees for parking.

# KETCHUM

IDAHO

Population (1991 Census) ..... 2,523
Population (2001 Census) ..... 3,003
Ten Year Change in Population ..... 19.0%
Reputation ..... Sixth in North America

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $1,898,010 | $632.04 | 20.0% |
| Other Property Taxes | $19,195 | $6.39 | 0.2% |
| TOTAL PROPERTY TAXES | $1,917,205 | $638.43 | 20.2% |
| TOTAL GENERAL SALES TAX | $1,921,437 | $639.84 | 20.3% |
| Lodging Sales Tax | Amount Unreported | | |
| Restaurant/Liquor Sales Tax | Amount Unreported | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $80,560 | $26.83 | 0.9% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $80,560 | $26.83 | 0.9% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $53,612 | $17.85 | 0.6% |
| Fuel Tax-sharing | $121,635 | $40.50 | 1.3% |
| Liquor Tax-sharing | $163,024 | $54.29 | 1.7% |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | Amount Unreported | | |
| Other Tax-sharing | $593,780 | $197.73 | 6.2% |
| TOTAL TAX-SHARING | $932,051 | $310.37 | 9.8% |
| Grants/Intergovernmental | $356,962 | $118.87 | 3.8% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $356,962 | $118.87 | 3.8% |
| Government Service User Fees | $689,896 | $229.73 | 7.3% |
| Utility/Enterprise Revenue | $2,837,501 | $944.89 | 30.0% |
| TOTAL USER FEE REVENUE | $3,527,397 | $1,174.62 | 37.3% |
| Licenses and Permits | $390,018 | $129.88 | 4.1% |
| Fines and Penalties | $43,195 | $14.38 | 0.5% |
| Interest Income | $154,137 | $51.33 | 1.6% |
| Miscellaneous | $143,740 | $47.86 | 1.5% |
| TOTAL OTHER REVENUE | $731,090 | $243.45 | 7.7% |
| TOTAL REVENUE | $9,466,702 | $3,152.41 | 100.0% |

SOURCE: Derived by CWF from the 2001/02 Municipal Budget, the 2002 City Budgeting Manual of the Association of Idaho Cities, and a CWF interview conducted February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Ketchum uses the general property tax and can also levy special assessments and establish local improvement districts with voter approval. Ketchum can set its own property tax rates, but revenues cannot grow by more than 3% annually, plus a bonus for new construction and annexation. To calculate the cap, municipalities first examine the last three years of property tax revenues. The year with the highest amount of property tax revenue becomes the base year. Millrates can be adjusted so that current property tax revenues are 3% higher than those of the base year. Revenues are generally unrestricted, but cannot be used to subsidize utilities and other enterprises. The county conducts the assessments and collects the tax. Tax room is shared between the municipality, school districts, the county, and other jurisdictions like recreation boards. Each sets its own tax rate.

### General Retail Sales Tax

Access: YES Usage: YES

Ketchum has access to a general retail sales tax. Under state law, the tax is available only to qualifying resort communities. Imposition of the tax requires a 50% majority vote at referendum. In Ketchum, the current general retail sales tax rate is 1.0%. The City is free to set the tax rate up to 1.0%, but any increase in the tax rate must be approved by voters and could be subject to approval by the state legislature as well. The tax applies to all retail sales except groceries and motor vehicle purchases. Unlike many other municipal general sales taxes, Ketchum administers and collects the tax. Revenue from the general sales tax is earmarked for emergency services (police, fire, EMS), transportation, land acquisition, recreation, capital improvements (roads, water, sewer), tourism promotion, visitor information, property tax relief, and tax enforcement.

### Selective Sales Taxes

Access: YES Usage: YES

Ketchum has access to at least three selective sales taxes. First, Ketchum levies an additional 1.0% selective sales tax on accommodations and lodging. Sales of alcoholic beverages consumed in a public premises are also taxed at an extra 1.0%. These selective sales taxes are in addition to the 1.0% local general sales tax and any state and county sales taxes that may also apply. Ketchum is able to set the tax rate up to a maximum, but increases require voter approval, and could be subject to state approval as well. Revenues from the selective taxes are earmarked in the same way as the general retail sales tax, and the City adminsters and collects these taxes as well. Finally, Ketchum also has the option of levying an additional 1.0% selective sales tax on restaurant meals, but has decided against levying this tax for the time being.

### Specific Business Taxes

Access: YES Usage: YES

Ketchum does have access to franchise taxes and franchise fee revenue. The revenue comes primarily from the natural gas utility, the cable company, and a small amount from the private company providing solid waste services. The amounts, like most municipalities, are nominal. Ketchum has no access to any other specific business taxes aside from the business portion of the general property tax and the standard business license.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

*(Ketchum currently has no access to any other taxes, but the idea of a local real estate transfer tax has been discussed by the Association of Idaho Cities. The state legislature would have to approve this tax.)*

### Tax-Sharing

Access: YES Usage: YES

Idaho shares 13.75% of the revenue (0.7% points) from its 5.0% general sales tax. Of this amount, 56% (0.4% points) is reserved for cities and counties (each gets 28% of the revenue or 0.2% points). Distribution to cities is based on population and the value of the tax base. Special districts receive 8% (0.05% points). The remaining 36% (0.25% points) is given to cities and counties through another formula. Revenue is unrestricted. Cities also get 60% of the proceeds from state-owned liquor stores, and counties get 40%. (Cities with stores get 90% of the allocation, distributed based on point of sale. Cities without stores get 10% based on population.) Fuel taxes, vehicle registrations, and revenue from special transportation permits are also shared via the Highway Distribution Account. Cities get 11.5%, counties 26.5%, and Idaho 62.0%. Revenue is to be used for transportation purposes.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Ketchum receives conditional grants from the federal and state governments, but the amounts are small at only 4% of total revenue. Ketchum also receives amounts from the county for housing and ambulance service, as well as a portion of county court fines. In terms of general user fees, Ketchum collects amounts for parking, rents and leases, concessions, and recreation and cultural facility fees. Developers charges are also levied. Ketchum collects fees for its water and sewer utility operations. There are no solid waste fees as this is privately contracted (some franchise tax revenue is generated, however). Ketchum runs a transit system, but the service is provided free of charge and is covered out of sales tax revenue. Permits and licenses, municipal fines and penalties, interest, and other income generate about 8% of total revenue.

# PARK CITY

UTAH

Population (1991 Census) ..... 4,468
Population (2001 Census) ..... 7,371
Ten Year Change in Population ..... 65.0%
Reputation ..... Site of 2002 Winter Olympics

## BUDGET ANALYSIS (2003 Budget, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $9,926,909 | $1,346.75 | 33.2% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $9,926,909 | $1,346.75 | 33.2% |
| TOTAL GENERAL SALES TAX | $7,750,000 | $1,051.42 | 25.9% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $1,508,375 | $204.64 | 5.0% |
| All Other Business Taxes | ..... Amount Unreported | | |
| TOTAL BUSINESS TAXES | $1,508,375 | $204.64 | 5.0% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | ..... Amount Unreported | | |
| Liquor Tax-sharing | ..... Amount Unreported | | |
| Tobacco Tax-sharing | ..... Amount Unreported | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $456,720 | $61.96 | 1.5% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $456,720 | $61.96 | 1.5% |
| Government Service User Fees | $4,856,529 | $658.87 | 16.2% |
| Utility/Enterprise Revenue | $3,399,160 | $461.15 | 11.4% |
| TOTAL USER FEE REVENUE | $8,255,689 | $1,120.02 | 27.6% |
| Licenses and Permits | $625,500 | $84.86 | 2.1% |
| Fines and Penalties | $606,254 | $82.25 | 2.0% |
| Interest Income | ..... Amount Unreported | | |
| Miscellaneous | $810,626 | $109.97 | 2.7% |
| TOTAL OTHER REVENUE | $2,042,380 | $277.08 | 6.8% |
| TOTAL REVENUE | $29,940,073 | $4,061.97 | 100.0% |

SOURCE: Derived by CWF from the 2003 Citizen's Budget, Sales and Tax Brochures from the State of Utah (www.utah.gov/), and a Canada West interview conducted February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Park City has access to a general property tax and special assessments, primarily for improvements to the water system. Park City is free to set its own property tax rates, although they are capped by state legislation at seven mills. Park City has three distinct property tax types – primary residences are assessed at 55% of market value, while commercial and secondary residences are assessed at 100% of market value. The county collects the taxes and is also responsible for assessment. Property tax is shared by several jurisdictions. Park City retains about 17% of all property taxes paid, schools retain 58%, the county 11%, and the rest is used by other jurisdictions and separate utility boards. Each jurisdiction sets their own property tax rate. Property tax revenues are generally unrestricted, although a certain portion in Park City is earmarked for debt servicing.

### General Retail Sales Tax

Access: YES Usage: YES

Total general sales tax in Park City is 7.25%. Utah receives 4.75%, Summit County 0.25%, and Park City 2.25%. Park City's sales tax accrues from three levies. First is the 1.0% local sales tax open to all counties, cities, and towns (Summit County's 1.0% does not apply in Park City). Park City levies the full 1.0%, but retains only 75% of the revenue. The other 25% is kept by Utah and redistributed to all municipalities through an equalization formula. Revenue is unrestricted. Second, Park City levies another 1.0% open only to qualifying resorts. The maximum allowed is 1.5%, leaving 0.5% of unused tax capacity. Revenue is unrestricted except 0.25% points which goes to public transit. Third, Park City levies another 0.25% for public transit. The maximum allowed is 0.5%. Summit County levies another 0.1% (but not in Park City) for cultural and recreation. This may indirectly benefit Park City. Utah collects all the taxes.

### Selective Sales Taxes

Access: YES Usage: NO

The only selective sales tax available to Park City is an additional 1.5% sales tax on lodging and accommodations, which would apply over and above the combined general sales tax as well as any selective lodging taxes levied by the state and county. Park City does not levy this tax. If it did, 1.0% points would be unrestricted and 0.5% points would have to be used for a convention centre. Selective sales taxes levied by Summit County include an additional 1.0% on restaurants and an additional 3.5% on lodging and accommodations. Both are "tourism" oriented sales taxes that could indirectly benefit Park City. The county could also levy its own 7.0% tax on motor vehicle rentals, in addition to the general sales tax rate and a special state levy of 2.5%.

### Specific Business Taxes

Access: YES Usage: YES

The primary business tax in Park City is a franchise tax on utilities, primarily natural gas and electricity. The current rate is 6.0% of the sales. The tax is capped by the state at 6.0%. Revenues from the tax are unrestricted. Park City does not levy special business taxes per se, but does have a comprehensive fee and licensing system. Businesses that do not utilize many municipal services are charged a minimum amount, while other businesses are charged higher fees. For example, restaurants, outdoor dining facilities, and retail outlets are charged a fee based on the square footage of the establishment, as are offices, warehouses and resort facilities. Lodging facilities are charged a fee per each room. Certain businesses may have to pay a fee per each employee, and vending, laundry and arcades are charged an amount for each machine in the establishment.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

*(Park City has no access to other taxes, but the state legislature has been looking into a local real estate transfer tax. At this point, nothing has been decided.)*

### Tax-Sharing

Access: YES Usage: YES

Park City receives revenue from three state taxes. All the revenues received are earmarked for specific purposes. First, a portion of the state fuel tax is shared with Park City to help fund road construction, repair, and maintenance. Second, Park City also receives a portion of the state sales tax on beer, wine, and, liquor. The state also shares revenue from its sales tax on cigarettes and tobacco. Total tax-sharing, however, is marginal as a percentage of the total budget. In the 2003 municipal budget, total intergovernmental revenue (including tax-sharing, grants, and other amounts) were estimated at about $450,000 or 1.5% of total revenue. There is little tax-sharing with the county, although some county expenditures may indirectly benefit Park City.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Park City receives conditional grants from both the federal government and the state government. Conditional grants for specific purposes may also come from the county. Over one-quarter of the municipal budget in 2003 will be generated by user fees and the sale of municipal services. Park City receives user fees for water supply and distribution, parking, rents and leases, and recreation and cultural facilities. Development charges and hook-up fees for municipal services are also charged. However, the city does not charge fees for public transit, which is entirely free for users and is paid through general sales tax revenue. Sewerage service is provided by a separate improvement district, and solid waste collection is provided by the county. Permits, licenses, municipal fines, interest income and other revenue are expected to contribute about 7% to 2003 revenues.

# KETCHUM

IDAHO

Population (1991 Census) ..... 2,523
Population (2001 Census) ..... 3,003
Ten Year Change in Population ..... 19.0%
Reputation ..... Sixth in North America

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $1,898,010 | $632.04 | 20.0% |
| Other Property Taxes | $19,195 | $6.39 | 0.2% |
| TOTAL PROPERTY TAXES | $1,917,205 | $638.43 | 20.2% |
| TOTAL GENERAL SALES TAX | $1,921,437 | $639.84 | 20.3% |
| Lodging Sales Tax | | | Amount Unreported |
| Restaurant/Liquor Sales Tax | | | Amount Unreported |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $80,560 | $26.83 | 0.9% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $80,560 | $26.83 | 0.9% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | $53,612 | $17.85 | 0.6% |
| Fuel Tax-sharing | $121,635 | $40.50 | 1.3% |
| Liquor Tax-sharing | $163,024 | $54.29 | 1.7% |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | Amount Unreported |
| Other Tax-sharing | $593,780 | $197.73 | 6.2% |
| TOTAL TAX-SHARING | $932,051 | $310.37 | 9.8% |
| Grants/Intergovernmental | $356,962 | $118.87 | 3.8% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $356,962 | $118.87 | 3.8% |
| Government Service User Fees | $689,896 | $229.73 | 7.3% |
| Utility/Enterprise Revenue | $2,837,501 | $944.89 | 30.0% |
| TOTAL USER FEE REVENUE | $3,527,397 | $1,174.62 | 37.3% |
| Licenses and Permits | $390,018 | $129.88 | 4.1% |
| Fines and Penalties | $43,195 | $14.38 | 0.5% |
| Interest Income | $154,137 | $51.33 | 1.6% |
| Miscellaneous | $143,740 | $47.86 | 1.5% |
| TOTAL OTHER REVENUE | $731,090 | $243.45 | 7.7% |
| TOTAL REVENUE | $9,466,702 | $3,152.41 | 100.0% |

SOURCE: Derived by CWF from the 2001/02 Municipal Budget, the 2002 City Budgeting Manual of the Association of Idaho Cities, and a CWF interview conducted February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Ketchum uses the general property tax and can also levy special assessments and establish local improvement districts with voter approval. Ketchum can set its own property tax rates, but revenues cannot grow by more than 3% annually, plus a bonus for new construction and annexation. To calculate the cap, municipalities first examine the last three years of property tax revenues. The year with the highest amount of property tax revenue becomes the base year. Millrates can be adjusted so that current property tax revenues are 3% higher than those of the base year. Revenues are generally unrestricted, but cannot be used to subsidize utilities and other enterprises. The county conducts the assessments and collects the tax. Tax room is shared between the municipality, school districts, the county, and other jurisdictions like recreation boards. Each sets its own tax rate.

### General Retail Sales Tax

Access: YES Usage: YES

Ketchum has access to a general retail sales tax. Under state law, the tax is available only to qualifying resort communities. Imposition of the tax requires a 55% majority vote at referendum. In Ketchum, the current general retail sales tax rate is 1.0%. The City is free to set the tax rate up to 1.0%, but any increase in the tax rate must be approved by voters and could be subject to approval by the state legislature as well. The tax applies to all retail sales except groceries and motor vehicle purchases. Unlike many other municipal general sales taxes, Ketchum administers and collects the tax. Revenue from the general sales tax is earmarked for emergency services (police, fire, EMS), transportation, land acquisition, recreation, capital improvements (roads, water, sewer), tourism promotion, visitor information, property tax relief, and tax enforcement.

### Selective Sales Taxes

Access: YES Usage: YES

Ketchum has access to at least three selective sales taxes. First, Ketchum levies an additional 1.0% selective sales tax on accommodations and lodging. Sales of alcoholic beverages consumed in a public premises are also taxed at an extra 1.0%. These selective sales taxes are in addition to the 1.0% local general sales tax and any state and county sales taxes that may also apply. Ketchum is able to set the tax rate up to a maximum, but increases require voter approval, and could be subject to state approval as well. Revenues from the selective taxes are earmarked in the same way as the general retail sales tax, and the City administers and collects these taxes as well. Finally, Ketchum also has the option of levying an additional 1.0% selective sales tax on restaurant meals, but has decided against levying this tax for the time being.

### Specific Business Taxes

Access: YES Usage: YES

Ketchum does have access to franchise taxes and franchise fee revenue. The revenue comes primarily from the natural gas utility, the cable company, and a small amount from the private company providing solid waste services. The amounts, like most municipalities, are nominal. Ketchum has no access to any other specific business taxes aside from the business portion of the general property tax and the standard business license.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

*(Ketchum currently has no access to any other taxes, but the idea of a local real estate transfer tax has been discussed by the Association of Idaho Cities. The state legislature would have to approve this tax.)*

### Tax-Sharing

Access: YES Usage: YES

Idaho shares 13.75% of the revenue (0.7% points) from its 5.0% general sales tax. Of this amount, 56% (0.4% points) is reserved for cities and counties (each gets 28% of the revenue or 0.2% points). Distribution to cities is based on population and the value of the tax base. Special districts receive 8% (0.05% points). The remaining 36% (0.25% points) is given to cities and counties through another formula. Revenue is unrestricted. Cities also get 60% of the proceeds from state owned liquor stores, and counties get 40%. (Cities with stores get 90% of the allocation, distributed based on point of sale. Cities without stores get 10% based on population.) Fuel taxes, vehicle registrations, and revenue from special transportation permits are also shared via the Highway Distribution Account. Cities get 11.5%, counties 26.5%, and Idaho 62.0%. Revenue is to be used for transportation purposes.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Ketchum receives conditional grants from the federal and state governments, but the amounts are small at only 4% of total revenue. Ketchum also receives amounts from the county for housing and ambulance service, as well as a portion of county court fines. In terms of general user fees, Ketchum collects amounts for parking, rents and leases, concessions, and recreation and cultural facility fees. Developers charges are also levied. Ketchum collects fees for its water and sewer utility operations. There are no solid waste fees as this is privately contracted (some franchise tax revenue is generated, however). Ketchum runs a transit system, but the service is provided free of charge and is covered out of sales tax revenue. Permits and licenses, municipal fines and penalties, interest, and other income generate about 8% of total revenue.

UTAH

Population (1991 Census) ..... 4,468
Population (2001 Census) ..... 7,371
Ten Year Change in Population ..... 65.0%
Reputation ..... Site of 2002 Winter Olympics

## BUDGET ANALYSIS (2003 Budget, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $9,926,909 | $1,346.75 | 33.2% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $9,926,909 | $1,346.75 | 33.2% |
| TOTAL GENERAL SALES TAX | $7,750,000 | $1,051.42 | 25.9% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $1,508,375 | $204.64 | 5.0% |
| All Other Business Taxes | | Amount Unreported | |
| TOTAL BUSINESS TAXES | $1,508,375 | $204.64 | 5.0% |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | | Amount Unreported | |
| Liquor Tax-sharing | | Amount Unreported | |
| Tobacco Tax-sharing | | Amount Unreported | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $456,720 | $61.96 | 1.5% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $456,720 | $61.96 | 1.5% |
| Government Service User Fees | $4,856,529 | $658.87 | 16.2% |
| Utility/Enterprise Revenue | $3,399,160 | $461.15 | 11.4% |
| TOTAL USER FEE REVENUE | $8,255,689 | $1,120.02 | 27.6% |
| Licenses and Permits | $625,500 | $84.86 | 2.1% |
| Fines and Penalties | $606,254 | $82.25 | 2.0% |
| Interest Income | | Amount Unreported | |
| Miscellaneous | $810,626 | $109.97 | 2.7% |
| TOTAL OTHER REVENUE | $2,042,380 | $277.08 | 6.8% |
| TOTAL REVENUE | $29,940,073 | $4,061.87 | 100.0% |

SOURCE: Derived by CWE from the 2003 Citizen's Budget, Sales and Tax Brochures from the State of Utah (www.utah.gov/), and a Canada West interview conducted February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Park City has access to a general property tax and special assessments, primarily for improvements to the water system. Park City is free to set its own property tax rates, although they are capped by state legislation at seven mills. Park City has three distinct property tax types – primary residences are assessed at 55% of market value, while commercial and secondary residences are assessed at 100% of market value. The county collects the taxes and is also responsible for assessment. Property tax is shared by several jurisdictions. Park City retains about 17% of all property taxes paid, schools retain 58%, the county 11%, and the rest is used by other jurisdictions and separate utility boards. Each jurisdiction sets their own property tax rate. Property tax revenues are generally unrestricted, although a certain portion in Park City is earmarked for debt servicing.

### General Retail Sales Tax

Access: YES Usage: YES

Total general sales tax in Park City is 7.25%. Utah receives 4.75%, Summit County 0.25%, and Park City 2.25%. Park City's sales tax accrues from three levies. First is the 1.0% local sales tax open to all counties, cities, and towns (Summit County's 1.0% does not apply in Park City). Park City levies the full 1.0%, but retains only 75% of the revenue. The other 25% is kept by Utah and redistributed to all municipalities through an equalization formula. Revenue is unrestricted. Second, Park City levies another 1.0% open only to qualifying resorts. The maximum allowed is 1.5%, leaving 0.5% of unused tax capacity. Revenue is unrestricted except 0.25% points which goes to public transit. Third, Park City levies another 0.25% for public transit. The maximum allowed is 0.5%. Summit County levies another 0.1% (but not in Park City) for cultural and recreation. This may indirectly benefit Park City. Utah collects all the taxes.

### Selective Sales Taxes

Access: YES Usage: NO

The only selective sales tax available to Park City is an additional 1.5% sales tax on lodging and accommodations, which would apply over and above the combined general sales tax as well as any selective lodging taxes levied by the state and county. Park City does not levy this tax. If it did, 1.0% points would be unrestricted and 0.5% points would have to be used for a convention centre. Selective sales taxes levied by Summit County include an additional 1.0% on restaurants and an additional 3.5% on lodging and accommodations. Both are "tourism" oriented sales taxes that could indirectly benefit Park City. The county could also levy its own 70% tax on motor vehicle rentals, in addition to the general sales tax rate and a special state levy of 2.5%.

### Specific Business Taxes

Access: YES Usage: YES

The primary business tax in Park City is a franchise tax on utilities, primarily natural gas and electricity. The current rate is 6.0% of the sales. The tax is capped by the state at 6.0%. Revenues from the tax are unrestricted. Park City does not levy special business taxes per se, but does have a comprehensive fee and licensing system. Businesses that do not utilize many municipal services are charged a minimum amount, while other businesses are charged higher fees. For example, restaurants, outdoor dining facilities, and retail outlets are charged a fee based on the square footage of the establishment, as are offices, warehouses and resort facilities. Lodging facilities are charged a fee per each room. Certain businesses may have to pay a fee per each employee, and vending, laundry and arcades are charged an amount for each machine in the establishment.

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

*(Park City has no access to other taxes, but the state legislature has been looking into a local real estate transfer tax. At this point, nothing has been decided.)*

### Tax-Sharing

Access: YES Usage: YES

Park City receives revenue from three state taxes. All the revenues received are earmarked for specific purposes. First, a portion of the state fuel tax is shared with Park City to help fund road construction, repair, and maintenance. Second, Park City also receives a portion of the state sales tax on beer, wine, and liquor. The state also shares revenue from its sales tax on cigarettes and tobacco. Total tax sharing, however, is marginal as a percentage of the total budget. In the 2003 municipal budget, total intergovernmental revenue (including tax-sharing, grants, and other amounts) were estimated at about $450,000 or 1.5% of total revenue. There is little tax-sharing with the county, although some county expenditures may indirectly benefit Park City.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Park City receives conditional grants from both the federal government and the state government. Conditional grants for specific purposes may also come from the county. Over one quarter of the municipal budget in 2003 will be generated by user fees and the sale of municipal services. Park City receives user fees for water supply and distribution, parking, rents and leases, and recreation and cultural facilities. Development charges and hook-up fees for municipal services are also charged. However, the city does not charge fees for public transit, which is entirely free for users and is paid through general sales tax revenue. Sewerage service is provided by a separate improvement district, and solid waste collection is provided by the county. Permits, licenses, municipal fines, interest income and other revenue are expected to contribute about 7% to 2003 revenues.

# S. LAKE TAHOE

CALIFORNIA

Population (1991 Census) ..... 21,586
Population (2001 Census) ..... 23,609
Ten Year Change in Population ..... 9.4%
Reputation ..... Largest North American Resort

## BUDGET ANALYSIS (1999 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,651,189 | $154.65 | 15.7% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $3,651,189 | $154.65 | 15.7% |
| TOTAL GENERAL SALES TAX | $4,027,932 | $170.61 | 17.4% |
| Lodging Sales Tax | $5,000,520 | $211.81 | 21.5% |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | $5,000,520 | $211.81 | 21.5% |
| Franchise Fees/Utility Taxes | $718,408 | $30.43 | 3.1% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $718,408 | $30.43 | 3.1% |
| Real Estate Transfer Tax | $98,200 | $4.16 | 0.4% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $98,200 | $4.16 | 0.4% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $1,031,526 | $43.69 | 4.4% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | $1,009,074 | $42.74 | 4.3% |
| Other Tax-sharing | $82,540 | $3.50 | 0.4% |
| TOTAL TAX-SHARING | $2,123,140 | $89.93 | 9.1% |
| Grants/Intergovernmental | $2,340,979 | $99.15 | 10.1% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $2,340,979 | $99.15 | 10.1% |
| Government Service User Fees | $2,206,497 | $93.46 | 9.5% |
| Utility/Enterprise Revenue | $1,443,401 | $61.14 | 6.2% |
| TOTAL USER FEE REVENUE | $3,649,898 | $154.60 | 15.7% |
| Licenses and Permits | $459,725 | $19.47 | 2.0% |
| Fines and Penalties | $297,949 | $12.62 | 1.3% |
| Interest Income | $457,386 | $19.37 | 1.9% |
| Miscellaneous | $410,400 | $17.39 | 1.8% |
| TOTAL OTHER REVENUE | $1,625,460 | $68.85 | 7.0% |
| TOTAL REVENUE | $23,235,726 | $984.19 | 100.0% |

SOURCE: Cities Annual Report, 1998/99, Division of Accounting and Reporting, Local Government Reporting Section, State of California, and CWF interview on February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

South Lake Tahoe employs the general property tax, as well as special assessments that benefit individual property owners. The municipality can set its own tax rates, but they are capped by Proposition 13. The maximum tax rate is 1% of property value. Every year, taxable values are factored up by a maximum of 2% based on pre-existing values. Some districts may levy additional property taxes as long as they are used to service debt. Revenues are unrestricted. The county conducts assessments and collects all property taxes. Assessment practices are controlled by state legislation. South Lake Tahoe receives 22% of total property taxes paid, the county 32%, schools 27%, colleges 8%, and the separate water and sewer district 11%. Redevelopment districts retain 90% to 100% of their property taxes, but may be required to use the revenue for specific projects.

### General Retail Sales Tax

Access: YES Usage: YES

California levies a 7.25% general sales tax, of which it keeps 5.0% points for general revenue. Another 1.0% points are earmarked for the Local Revenue and Local Public Safety Funds. Another 1.0% points are reserved for counties and municipalities. South Lake Tahoe retains 0.75% points of this 1.0%, while the county retains 0.25% points. The state allocates the remaining 0.25% points to some counties for public transportation. If voters approve, municipalities can levy an additional general sales tax by piggy-backing onto the current 7.25% tax. The maximum allowed is 1.0%. Revenues would not have to be earmarked. South Lake Tahoe does not currently levy this tax. In some ways, South Lake Tahoe's general sales tax reflects tax-sharing. But like a local general sales tax, the amounts remitted are based on point-of-sale considerations, and revenues are generally unrestricted.

### Selective Sales Taxes

Access: YES Usage: YES

South Lake Tahoe has access to a significant source of revenue through a large selective sales tax on lodging and accommodations. Currently, the lodging tax is South Lake Tahoe's single largest revenue source, raising over $5,000,000 annually. The current tax rate is 10.0%, and applies in addition to any sales taxes levied by the state or El Dorado County. South Lake Tahoe can set its own lodging tax rate. The tax rate is not capped. The city adminsters and collects the tax on its own. The majority of the lodging tax revenue (80%) is unrestricted, but 20% must be used for tourism and promoting specific events. (In some Redevelopment Districts, the lodging tax may be required to service the costs of municipal bonds and capital debt). South Lake Tahoe is not allowed to levy any other selective sales taxes.

### Specific Business Taxes

Access: YES Usage: YES

South Lake Tahoe does report collecting franchise fees and taxes on utilities and other businesses. Like most municipalities, however, the revenues received are nominal. In 1999, South Lake Tahoe reported only about 3% of its total budgetary revenue accruing from franchise fees and taxes. Financial statements do not reveal any other major tax applying specifically to businesses.

### Other Taxes

Access: YES Usage: YES

The City of South Lake Tahoe does levy a real estate transfer tax, but the rate is quite low and the revenue yield is marginal. The City is free is to set its own rate of taxation on real estate transactions. The tax is collected by the county and remitted to South Lake Tahoe.

### Tax-Sharing

Access: YES Usage: YES

The state shares several taxes with municipalities aside from the municipal portion of the California sales tax. First, the state shares with municipalities revenue from the fuel tax. Second, the state shares with municipalities revenue accruing from motor vehicle registrations. Other tax-sharing includes revenues received by the state for property tax relief. Tax-sharing is quite significant for South Lake Tahoe. Taken together, the tax-sharing accounts for almost one-tenth of the City's total budget. In terms of distribution, a portion of the fuel tax is earmarked for snow removal. Most other tax-shared revenues, however, are unrestricted.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Federal and state conditional grants are important for South Lake Tahoe. In 1999, federal and state grants totalled almost $2.5 million, representing more than 10% of the total budget. Compared to other resort communities, South Lake Tahoe does not draw a significant portion of its total revenues from user fees. Aside from general governmental and adminstration fees, the municipality receives revenues from enterprise and utility operations including public transit, solid waste collection, and parking (only at the airport). South Lake Tahoe does not maintain its own water and sewer utilities. These services are provided by an independent regional water and sewer district. This is one reason for the relatively low user fee revenue. Permits and licenses, municipal fines and penalties, investment income, and other revenue generated 7% of the budget in fiscal 1999.

# STOWE

VERMONT

Population (1991 Census) ..... 3,410
Population (2001 Census) ..... 4,339
Ten Year Change in Population ..... 27.2%
Reputation ..... Seventh in the World

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,438,376 | $792.43 | 59.4% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $3,438,376 | $792.43 | 59.4% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | | | |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | | | |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | ..... Amount Unreported | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $814,042 | $187.61 | 14.0% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $814,042 | $187.61 | 14.0% |
| Government Service User Fees | $467,260 | $107.69 | 8.1% |
| Utility/Enterprise Revenue | $625,198 | $144.09 | 10.8% |
| TOTAL USER FEE REVENUE | $1,092,458 | $251.78 | 18.9% |
| Licenses and Permits | $199,874 | $46.08 | 3.4% |
| Fines and Penalties | $91,635 | $21.12 | 1.6% |
| Interest Income | $109,990 | $25.35 | 1.9% |
| Miscellaneous | $43,814 | $10.10 | 0.8% |
| TOTAL OTHER REVENUE | $445,313 | $102.63 | 7.7% |
| TOTAL REVENUE | $5,790,189 | $1,334.45 | 100.0% |

SOURCE: Derived by CWF from the 2000 Consolidated Financial Statements and a Canada West Foundation interview conducted February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

The general property tax is the only tax source in Stowe, funding 60% of the budget. Stowe can also levy special assessments, but currently does not. Stowe can set its own property tax rates. Revenues are not capped. Property tax revenues are unrestricted. The municipality is responsible for assessment, but professional assessors are employed. There are few external governmental controls over assessment practices, although assessors employ professional standards. Property tax room is shared between the municipality, local schools, and the Vermont Education Fund. Stowe retains 25% of all property taxes paid, local schools keep 30%, and 45% is remitted to the Vermont Education Fund. Stowe collects all property taxes and remits amounts to other taxing jurisdictions. An interesting feature in Stowe is the fact that the budget is approved annually at a town meeting.

### General Retail Sales Tax

Access: YES Usage: NO

The resort community of Stowe does have access to a local general retail sales tax, but the municipality has not chosen to implement the tax. If the municipality were to implement a general retail sales tax, it could set the tax rate up to a legislated maximum of 4.0%. The state would collect the tax revenue on behalf of the municipality, but under current laws would only be required to remit 70% of the revenue back to the Municipality of Stowe. The remaining 30% would be retained by the State of Vermont to cover state expenditures. This is the primary reason why the local general retail sales tax option has not been pursued. The revenue generated by any local retail sales tax would be unrestricted. There is no provision in the state for a general sales tax made available specifically for resort communities.

### Selective Sales Taxes

Access: YES Usage: NO

With regards to selective sales taxes, the community of Stowe could choose to levy specific taxes on three specific goods and services – lodging and accommodations, retaurant meals, and on-premises consumption of alcoholic beverages. However, the same rules apply to these taxes as with the general sales tax. The community has chosen not to implement the taxes since a significant portion of the revenue would be retained by the State of Vermont, rather than accruing to the local community. The municipality does not have access to other forms of selective sales taxes on fuel, tobacco, or motor vehicle rentals.

### Specific Business Taxes

Access: NO Usage: NO

**NO ACCESS**

### Other Taxes

Access: NO Usage: NO

**NO ACCESS**

### Tax-Sharing

Access: YES Usage: YES

Tax-sharing in Vermont is primarily restricted to a portion of the state sales tax on fuel. The municipality of Stowe receives a portion of this tax revenue under three specific programs. First, the municipality receives a Block Grant from the tax based on the miles of road in the municipality compared to other municipalties. Additional fuel tax revenue is reserved for the Paving Program, which covers the costs to the municipality of repairing Class II roads. A portion of the fuel tax is also reserved for the Bridge Replacement Program, which funds municipal bridge projects. Tax-sharing is not based on point of sale considerations, but on other factors that equalize revenue. All tax-sharing amounts are earmarked for roads and bridges. The State of Vermont does not share any general sales tax revenue with municipalities.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Stowe receives federal conditional grants, but they usually flow through the state. Conditional grants also come from the state government, as well as revenue-in-lieu of taxes. Stowe receives little to no money from the county – rather, the municipality joins with others in funding a portion of the county budget. Contributions are based on population and the value of property in each municipality. Stowe receives less user fee revenue than most other resort communities in this study. Total user fee revenue constitutes only 19% of the budget, compared to between 30% and 50% for most other resorts. While user fees are collected for transit, water, sewer and electricity, all parking and cultural facilities are free. Solid waste service is provided on a regional basis. Other revenue such as permits, fines, interest income, and other amounts are about average.

# S. LAKE TAHOE

CALIFORNIA

Population (1991 Census) ..... 21,586
Population (2001 Census) ..... 23,609
Ten Year Change in Population ..... 9.4%
Reputation ..... Largest North American Resort

## BUDGET ANALYSIS (1999 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,651,189 | $154.65 | 15.7% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $3,651,189 | $154.65 | 15.7% |
| TOTAL GENERAL SALES TAX | $4,027,932 | $170.61 | 17.4% |
| Lodging Sales Tax | $5,000,520 | $211.81 | 21.5% |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | $5,000,520 | $211.81 | 21.5% |
| Franchise Fees/Utility Taxes | $718,408 | $30.43 | 3.1% |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | $718,408 | $30.43 | 3.1% |
| Real Estate Transfer Tax | $98,200 | $4.16 | 0.4% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $98,200 | $4.16 | 0.4% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $1,031,526 | $43.69 | 4.4% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | $1,009,074 | $42.74 | 4.3% |
| Other Tax-sharing | $82,540 | $3.50 | 0.4% |
| TOTAL TAX-SHARING | $2,123,140 | $89.93 | 9.1% |
| Grants/Intergovernmental | $2,340,979 | $99.15 | 10.1% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $2,340,979 | $99.15 | 10.1% |
| Government Service User Fees | $2,206,497 | $93.46 | 9.5% |
| Utility/Enterprise Revenue | $1,443,401 | $61.14 | 6.2% |
| TOTAL USER FEE REVENUE | $3,649,898 | $154.60 | 15.7% |
| Licenses and Permits | $459,725 | $19.47 | 2.0% |
| Fines and Penalties | $297,949 | $12.62 | 1.3% |
| Interest Income | $457,386 | $19.37 | 1.9% |
| Miscellaneous | $410,400 | $17.39 | 1.8% |
| TOTAL OTHER REVENUE | $1,625,460 | $68.85 | 7.0% |
| TOTAL REVENUE | $23,235,726 | $984.19 | 100.0% |

SOURCE: Cities Annual Report, 1998/99, Division of Accounting and Reporting, Local Government Reporting Section, State of California, and CWF interview on February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

South Lake Tahoe employs the general property tax, as well as special assessments that benefit individual property owners. The municipality can set its own tax rates, but they are capped by Proposition 13. The maximum tax rate is 1% of property value. Every year, taxable values are factored up by a maximum of 2% based on pre-existing values. Some districts may levy additional property taxes as long as they are used to service debt. Revenues are unrestricted. The county conducts assessments and collects all property taxes. Assessment practices are controlled by state legislation. South Lake Tahoe receives 22% of total property taxes paid, the county 32%, schools 27%, colleges 8%, and the separate water and sewer district 11%. Redevelopment districts retain 90% to 100% of their property taxes, but may be required to use the revenue for specific projects.

### General Retail Sales Tax

Access: YES Usage: YES

California levies a 7.25% general sales tax, of which it keeps 5.0% points for general revenue. Another 1.0% points are earmarked for the Local Revenue and Local Public Safety Funds. Another 1.0% points are reserved for counties and municipalities. South Lake Tahoe retains 0.75% points of this 1.0%, while the county retains 0.25% points. The state allocates the remaining 0.25% points to some counties for public transportation. If voters approve, municipalities can levy an additional general sales tax by piggybacking onto the current 7.25% tax. The maximum allowed is 1.0%. Revenues would not have to be earmarked. South Lake Tahoe does not currently levy this tax. In some ways, South Lake Tahoe's general sales tax reflects tax-sharing. But like a local general sales tax, the amounts remitted are based on point-of-sale considerations, and revenues are generally unrestricted.

### Selective Sales Taxes

Access: YES Usage: YES

South Lake Tahoe has access to a significant source of revenue through a large selective sales tax on lodging and accommodations. Currently, the lodging tax is South Lake Tahoe's single largest revenue source, raising over $5,000,000 annually. The current tax rate is 10.0%, and applies in addition to any sales taxes levied by the state or El Dorado County. South Lake Tahoe can set its own lodging tax rate. The tax rate is not capped. The city administers and collects the tax on its own. The majority of the lodging tax revenue (80%) is unrestricted, but 20% must be used for tourism and promoting specific events. (In some Redevelopment Districts, the lodging tax may be required to service the costs of municipal bonds and capital debt). South Lake Tahoe is not allowed to levy any other selective sales taxes.

### Specific Business Taxes

Access: YES Usage: YES

South Lake Tahoe does report collecting franchise fees and taxes on utilities and other businesses. Like most municipalities, however, the revenues received are nominal. In 1999, South Lake Tahoe reported only about .3% of its total budgetary revenue accruing from franchise fees and taxes. Financial statements do not reveal any other major tax applying specifically to businesses.

### Other Taxes

Access: YES Usage: YES

The City of South Lake Tahoe does levy a real estate transfer tax, but the rate is quite low and the revenue yield is marginal. The City is free is to set its own rate of taxation on real estate transactions. The tax is collected by the county and remitted to South Lake Tahoe.

### Tax-Sharing

Access: YES Usage: YES

The state shares several taxes with municipalities aside from the municipal portion of the California sales tax. First, the state shares with municipalities revenue from the fuel tax. Second, the state shares with municipalities revenue accruing from motor vehicle registrations. Other tax-sharing includes revenues received by the state for property tax relief. Tax-sharing is quite significant for South Lake Tahoe. Taken together, the tax-sharing accounts for almost one-tenth of the City's total budget. In terms of distribution, a portion of the fuel tax is earmarked for snow removal. Most other tax-shared revenues, however, are unrestricted.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Federal and state conditional grants are important for South Lake Tahoe. In 1999, federal and state grants totalled almost $2.5 million, representing more than 10% of the total budget. Compared to other resort communities, South Lake Tahoe does not draw a significant portion of its total revenues from user fees. Aside from general governmental and administration fees, the municipality receives revenues from enterprise and utility operations including public transit, solid waste collection, and parking (only at the airport). South Lake Tahoe does not maintain its own water and sewer utilities. These services are provided by an independent regional water and sewer district. This is one reason for the relatively low user fee revenue. Permits and licenses, municipal fines and penalties, investment income, and other revenue generated 7% of the budget in fiscal 1999.

VERMONT

Population (1991 Census) ..... 3,410
Population (2001 Census) ..... 4,339
Ten Year Change in Population ..... 27.2%
Reputation ..... Seventh in the World

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $3,438,376 | $792.43 | 59.4% |
| Other Property Taxes | | | |
| TOTAL PROPERTY TAXES | $3,438,376 | $792.43 | 59.4% |
| TOTAL GENERAL SALES TAX | | | |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | | | |
| All Other Business Taxes | | | |
| TOTAL BUSINESS TAXES | | | |
| Real Estate Transfer Tax | | | |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | | | |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | Amount Unreported | | |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | | | |
| Vehicle Tax-sharing | | | |
| Other Tax-sharing | | | |
| TOTAL TAX-SHARING | | | |
| Grants/Intergovernmental | $814,042 | $187.61 | 14.0% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $814,042 | $187.61 | 14.0% |
| Government Service User Fees | $467,260 | $107.69 | 8.1% |
| Utility/Enterprise Revenue | $625,198 | $144.09 | 10.8% |
| TOTAL USER FEE REVENUE | $1,092,458 | $251.78 | 18.9% |
| Licenses and Permits | $199,874 | $46.06 | 3.4% |
| Fines and Penalties | $91,635 | $21.12 | 1.6% |
| Interest Income | $109,990 | $25.35 | 1.9% |
| Miscellaneous | $43,814 | $10.10 | 0.8% |
| TOTAL OTHER REVENUE | $445,313 | $102.63 | 7.7% |
| TOTAL REVENUE | $5,790,189 | $1,334.45 | 100.0% |

SOURCE: Derived by CWF from the 2000 Consolidated Financial Statements and a Canada West Foundation interview conducted February 1, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

The general property tax is the only tax source in Stowe, funding 60% of the budget. Stowe can also levy special assessments, but currently does not. Stowe can set its own property tax rates. Revenues are not capped. Property tax revenues are unrestricted. The municipality is responsible for assessment, but professional assessors are employed. There are few external governmental controls over assessment practices, although assessors employ professional standards. Property tax room is shared between the municipality, local schools, and the Vermont Education Fund. Stowe retains 25% of all property taxes paid, local schools keep 30%, and 45% is remitted to the Vermont Education Fund. Stowe collects all property taxes and remits amounts to other taxing jurisdictions. An interesting feature in Stowe is the fact that the budget is approved annually at a town meeting.

### General Retail Sales Tax

Access: YES Usage: NO

The resort community of Stowe does have access to a local general retail sales tax, but the municipality has not chosen to implement the tax. If the municipality were to implement a general retail sales tax, it could set the tax rate up to a legislated maximum of 4.0%. The state would collect the tax revenue on behalf of the municipality, but under current laws would only be required to remit 70% of the revenue back to the Municipality of Stowe. The remaining 30% would be retained by the State of Vermont to cover state expenditures. This is the primary reason why the local general retail sales tax option has not been pursued. The revenue generated by any local retail sales tax would be unrestricted. There is no provision in the state for a general sales tax made available specifically for resort communities.

### Selective Sales Taxes

Access: YES Usage: NO

With regards to selective sales taxes, the community of Stowe could choose to levy specific taxes on three specific goods and services – lodging and accommodations, retaurant meals, and on-premises consumption of alcoholic beverages. However, the same rules apply to these taxes as with the general sales tax. The community has chosen not to implement the taxes since a significant portion of the revenue would be retained by the State of Vermont, rather than accruing to the local community. The municipality does not have access to other forms of selective sales taxes on fuel, tobacco, or motor vehicle rentals.

### Specific Business Taxes

Access: NO Usage: NO

NO ACCESS

### Other Taxes

Access: NO Usage: NO

NO ACCESS

### Tax-Sharing

Access: YES Usage: YES

Tax-sharing in Vermont is primarily restricted to a portion of the state sales tax on fuel. The municipality of Stowe receives a Block Grant from the tax based on the miles of road in the municipality compared to other municipalities. Additional fuel tax revenue is reserved for the Paving Program, which covers the costs to the municipality of repairing Class II roads. A portion of the fuel tax is also reserved for the Bridge Replacement Program, which funds municipal bridge projects. Tax-sharing is not based on point of sale considerations, but on other factors that equalize revenue. All tax-sharing amounts are earmarked for roads and bridges. The State of Vermont does not share any general sales tax revenue with municipalities.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Stowe receives federal conditional grants, but they usually flow through the state. Conditional grants also come from the state government, as well as revenue in-lieu of taxes. Stowe receives little to no money from the county – rather, the municipality joins with others in funding a portion of the county budget. Contributions are based on population and the value of property in each municipality. Stowe receives less user fee revenue than most other resort communities in this study. Total user fee revenue constitutes only 19% of the budget, compared to between 30% and 50% for most other resorts. While user fees are collected for transit, water, sewer and electricity, all parking and cultural facilities are free. Solid waste service is provided on a regional basis. Other revenue such as permits, fines, interest income, and other amounts are about average.

# TELLURIDE

COLORADO

Population (1991 Census) ..... 1,309
Population (2001 Census) ..... 2,221
Ten Year Change in Population ..... 69.7%
Reputation ..... Third in North America

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $852,901 | $384.02 | 6.3% |
| Other Property Taxes | $50,765 | $22.85 | 0.4% |
| TOTAL PROPERTY TAXES | $903,666 | $406.87 | 6.7% |
| TOTAL GENERAL SALES TAX | $3,870,084 | $1,742.50 | 28.6% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $108,734 | $48.96 | 0.8% |
| All Other Business Taxes | $6,944 | $3.12 | 0.1% |
| TOTAL BUSINESS TAXES | $115,678 | $52.08 | 0.9% |
| Real Estate Transfer Tax | $3,141,575 | $1,414.49 | 23.2% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | $5,173 | $2.33 | 0.0% |
| TOTAL OTHER TAXES | $3,146,748 | $1,416.82 | 23.2% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $62,501 | $28.14 | 0.5% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $24,006 | $10.81 | 0.2% |
| Vehicle Tax-sharing | $7,220 | $3.25 | 0.1% |
| Other Tax-sharing | $63,330 | $28.51 | 0.4% |
| TOTAL TAX-SHARING | $157,057 | $70.71 | 1.2% |
| Grants/Intergovernmental | $773,438 | $348.24 | 5.7% |
| All Other Contributions | $305,006 | $137.33 | 2.3% |
| TOTAL GRANTS/CONTRIBUTIONS | $1,078,444 | $485.57 | 8.0% |
| Government Service User Fees | $771,037 | $347.16 | 5.7% |
| Utility/Enterprise Revenue | $2,145,419 | $965.97 | 15.8% |
| TOTAL USER FEE REVENUE | $2,916,456 | $1,313.13 | 21.5% |
| Licenses and Permits | $582,346 | $262.20 | 4.3% |
| Fines and Penalties | $119,028 | $53.59 | 0.9% |
| Interest Income | $476,618 | $214.60 | 3.5% |
| Miscellaneous | $163,830 | $73.76 | 1.2% |
| TOTAL OTHER REVENUE | $1,341,822 | $604.15 | 9.9% |
| TOTAL REVENUE | $13,529,955 | $6,091.83 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDIS), Department of Local Affairs (www.dola.state.co.us/is/cedishom.htm) and a CWF interview on February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Telluride uses the general property tax as well as special assessments. Certain items of personal property (aside from land and improvements) can also be taxed. Telluride sets its own property tax rates, but total revenue growth is capped by the 1992 Bruce Amendment (Taxpayer's Bill of Rights or TABOR) and can only increase by inflation plus population growth. If voters approve, cities can "de-Bruce" to exceed the cap. As of 2000, 325 municipalities have "de-Bruced." However, Telluride's Charter also limits property tax revenue growth to 7% annually. The county is responsible for assessment and collects property taxes. Tax room is shared with the county, school districts, the hospital district, and other jurisdictions. Telluride retains about 25% of all taxes collected. Most property tax revenue is earmarked, with 80% used to service debt and only 20% going to general revenue.

### General Retail Sales Tax

Access: YES Usage: YES

Telluride has a local general retail sales tax. The current sales tax rate is 4.5% (the State of Colorado's sales tax rate is 2.9%). The municipality is free to set this rate, although increases require voter approval according to Telluride's home rule charter. About 45% of all revenue generated from the tax goes into the General Revenue Fund, and another 45% is dedicated to capital projects and improvements. The remaining 10% is committed to affordable housing. (As such, certain revenues from the tax are likely subject to TABOR limits as well. TABOR specifies that all property tax revenues - regardless of purpose - and all revenues used for General Fund purposes must not grow past inflation plus population growth. TABOR does not always apply to earmarked taxes, however.)

### Selective Sales Taxes

Access: YES Usage: NO

Telluride does have access to a wide range of selective sales taxes on items such as lodging, restaraunt meals, motor vehicle rentals, and the sale and consumption of alcoholic beverages. These taxes would apply over and above any current state, county and municipal sales taxes. Because of the autonomy provided through home rule charters in Colorado, municipalities can tax a wide variety of items. However, imposition of any of these taxes requires voter approval, and could be subject to other limitations set out in the home rule charter. Telluride currently does not levy any additional sales taxes over and above its general retail sales tax.

### Specific Business Taxes

Access: YES Usage: YES

Telluride has two specific taxes focusing on businesses. First, Telluride collects franchise taxes and fees from utilities. In 2000, these taxes yielded about $110,000 in revenue, or less than 1% of the total budget. Out of all the resorts in this study collecting franchise taxes, Telluride collects the least. Second, Telluride collects an Employment Occupation Tax, which is essentially a head tax on employees. Employees who earn a certain amount of income are required to pay a small monthly tax (a flat amount per month). Employers typically pay a portion as well. Again, total receipts are marginal at about 0.1% of total revenue. Other business taxes (gross receipts, square footage, etc.) are possible for towns and cities with home rule charters, but again, would require voter approval to implement.

### Other Taxes

Access: YES Usage: YES

Telluride has access to other taxes as well, most notably a real estate transfer tax. The current tax rate is 3.0% of the gross consideration in real estate transactions. The tax applies to most transfers of real estate. The revenue yield from Telluride's Real Estate Transfer Tax is substantial. At over $3 million in 2000, the tax is responsible for almost one-quarter of the total budget, or four times what is collected via the property tax. Like the Town of Vail, the real estate transfer tax rate was originally set and controlled by the municipality, and was not capped. The Bruce Amendment has capped potential increases. Telluride collects and administers this tax itself. Revenues are primarily earmarked for capital improvements.

### Tax-Sharing

Access: YES Usage: YES

Telluride benefits from tax-sharing conducted by the State of Colorado as well as the county. Taxes that are shared include the state fuel tax, the state tax on cigarettes and tobacco, revenue from the state lottery, and a portion of vehicle registration fees. The majority of this tax-sharing is based on population considerations. Telluride also receives a share of tax revenue from the county in the form of a road and bridge mill levy. Amounts remitted to the municipality are based on the total amount of roadways in the municipality versus the total amount of roadway in the county. While the taxes being shared with Telluride are certainly diverse, the amounts are quite small, representing less than 2% of total revenues collected in fiscal 2000.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Telluride receives conditional grants from both the federal and state governments. In 2000, the value of grants received exceeded $1 million. At 8% of total budget revenue, grants impact on Telluride's budget much more than current tax-sharing. User fee revenue constitutes an important source of funding for Telluride. The level of general user fees for planning, engineering, recreation and cultural facilities are similar to many other resorts at about 6% of total revenue, but utility revenue is quite sizeable. Telluride collects user fees and charges for public transit services, as well as water supply and distribution, sewer and solid waste collection. User fees are also charged for parking. Revenue from licenses and permits, fines and penalties, and interest on investments contributed about one-tenth of total revenue in 2000.

# VAIL

COLORADO

Population (1991 Census) ..... 3,659
Population (2001 Census) ..... 4,531
Ten Year Change in Population ..... 23.8%
Reputation ..... Fourth in the World

## BUDGET ANALYSIS (2000 Actuals, US $)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $2,082,896 | $459.70 | 6.1% |
| Other Property Taxes | $160,385 | $35.40 | 0.5% |
| TOTAL PROPERTY TAXES | $2,243,281 | $495.10 | 6.6% |
| TOTAL GENERAL SALES TAX | $15,885,858 | $3,506.04 | 46.9% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $576,904 | $127.32 | 1.7% |
| All Other Business Taxes | $1,991,073 | $439.43 | 5.9% |
| TOTAL BUSINESS TAXES | $2,567,977 | $566.75 | 7.6% |
| Real Estate Transfer Tax | $3,518,178 | $776.47 | 10.4% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $3,518,178 | $776.47 | 10.4% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $225,509 | $49.77 | 0.7% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $101,451 | $22.39 | 0.3% |
| Vehicle Tax-sharing | $27,403 | $6.05 | 0.1% |
| Other Tax-sharing | $592,286 | $130.72 | 1.7% |
| TOTAL TAX-SHARING | $946,649 | $208.93 | 2.8% |
| Grants/Intergovernmental | $90,069 | $19.88 | 0.3% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $90,069 | $19.88 | 0.3% |
| Government Service User Fees | $2,229,633 | $492.08 | 6.6% |
| Utility/Enterprise Revenue | | | |
| TOTAL USER FEE REVENUE | $2,229,633 | $492.08 | 6.6% |
| Licenses and Permits | $1,080,927 | $238.56 | 3.2% |
| Fines and Penalties | $279,367 | $61.66 | 0.8% |
| Interest Income | $1,462,774 | $322.84 | 4.3% |
| Miscellaneous | $3,545,511 | $782.50 | 10.5% |
| TOTAL OTHER REVENUE | $6,368,579 | $1,405.56 | 18.8% |
| TOTAL REVENUE | $33,850,224 | $7,470.91 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDIS), Department of Local Affairs (www.dola.state.co.us/ia/cedisdues.htm) and a CWF interview on February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

General property tax collections in Vail amounted to 6% of total revenue in 2000. Vail has the authority to use special assessments for local improvements, but does not currently levy them. Certain classes of personal property (Specific Ownership Tax) can also be subject to property tax. The municipality is free to establish its own rates of property taxation, but like all municipalities in Colorado, total property tax revenue growth is limited by the Bruce Amendment (Taxpayers Bill of Rights or TABOR). The county is responsible for assessment and collection of all property taxes. Vail has little, if any control, over assessment practices. Property tax revenue is shared between the municipality, the county, schools, water districts, recreation districts, and college districts. Each jurisdiction receives an amount based on the millrate it has set. All property tax revenues are unrestricted.

### General Retail Sales Tax

Access: YES Usage: YES

Like other Colorado municipalities, Vail has access to its own general retail sales tax. The current municipal general sales tax rate is 4.0%. The total combined general retail sales tax rate in Vail is 8.4%. This includes the 2.9% Colorado state sales tax and the 1.5% general sales tax for Eagle County. The municipality is generally free to set this rate under its home rule charter, but TABOR is a factor and any increases in the tax rate require voter approval. As a home rule city, the municipality of Vail is responsible for collecting and administering their own general sales tax. For the most part, the revenue generated from the local general retail sales tax is unrestricted. However, the municipality has internally reserved a portion of the sales tax revenue for specific capital projects in the town.

### Selective Sales Taxes

Access: YES Usage: NO

The municipality of Vail has access to a number of additional selective sales taxes. For example, Vail could tax lodging and accommodations, restaurant meals, the sale and consumption of beer, wine, and liquor, the rental of motor vehicles, as well as amusements and entertainment events. Currently, Vail does not levy any of these selective sales taxes. However, Vail does directly benefit from a 1.4% selective sales tax on lodging and accommodations levied by the local Marketing District (an independent taxing jurisdiction). This special district helps to promote the Vail resort area. The 1.4% sales tax is collected and administered by the Colorado Department of Revenue, and is remitted back to the special taxing district based on point of sale.

### Specific Business Taxes

Access: YES Usage: YES

Franchise taxes and fees are collected by Vail from a number of utilities providing services to the local community. Natural gas utilities are taxed at 2.0% of gross sales, telephone utilities are taxes at $5.60 per account, and electrical utilities are taxed at 3.0% of gross sales. Cable TV providers are taxed 5% on their gross sales. About 40% of the franchise tax revenue from cable TV providers is used to subsidize the operations of Vail's local television station. Vail has access to other business specific taxes as well. Currently, Vail levies a special business licensing fee/tax. Revenue from this licensing fee/tax is earmarked for tourism promotion and the marketing of Vail.

### Other Taxes

Access: YES Usage: YES

Vail levies a 1.0% real estate transfer tax on the sale price of real property. The tax applies to most real estate transactions, but there are some legally required exemptions for certain transactions. The municipality originally set this rate, but it has become locked by the Bruce Amendment. The rate cannot be raised without a referendum. All revenues from the tax are earmarked. Revenues must be used to acquire space for parks, the construction of recreational facilities, and general maintenance and repairs. The real estate transfer tax is administered and collected by Vail.

### Tax-Sharing

Access: YES Usage: YES

Vail benefits from tax-shared revenues from five separate state and county taxes. The municipality receives a share of the state fuel tax for road construction and repair. Colorado also shares with Vail a portion of the state sales tax on cigarettes and tobacco. Sharing is based on relative population size. Revenue from the state lottery is also shared. A portion of motor vehicle registration revenues are also shared based on the proportion of fees collected from license plates registered in the municipality. Vail also receives tax revenue from the county. Eagle County shares with Vail a certain percentage of its 1.5% general retail sales tax.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Grant revenue for Vail is marginal, representing only 0.3% of total revenue in 2000. User fee revenue is not a large budget item for Vail either. User fees are limited to governmental and general administrative services, such as parking, rents and leases, and cultural facilities. The municipality provides no utility services to residents. All water, sewerage, and solid waste collection is provided by other jurisdictions. In addition, Vail operates no electrical or natural gas utilities. As such, total user fee revenue comprised less than 7% of the budget in fiscal 2000. However, licenses and permits, municipal fines and penalties, interest income, and other revenues do provide a significant source of financing for Vail. These revenues totalled 19% of the budget in 2000. In particular, Vail collects a large amount of interest income.

COLORADO

Population (1991 Census) ..... 1,309
Population (2001 Census) ..... 2,221
Ten Year Change in Population ..... 69.7%
Reputation ..... Third in North America

## BUDGET ANALYSIS (2000 Actuals, US$)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $852,901 | $384.07 | 6.3% |
| Other Property Taxes | $50,765 | $22.85 | 0.4% |
| TOTAL PROPERTY TAXES | $903,666 | $406.87 | 6.7% |
| TOTAL GENERAL SALES TAX | $3,870,084 | $1,742.50 | 28.6% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $108,734 | $48.96 | 0.8% |
| All Other Business Taxes | $6,944 | $3.12 | 0.1% |
| TOTAL BUSINESS TAXES | $115,678 | $52.08 | 0.9% |
| Real Estate Transfer Tax | $3,141,575 | $1,414.49 | 23.2% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | $5,173 | $2.33 | 0.0% |
| TOTAL OTHER TAXES | $3,146,748 | $1,416.82 | 23.2% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $62,501 | $28.14 | 0.5% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $24,006 | $10.81 | 0.2% |
| Vehicle Tax-sharing | $7,220 | $3.25 | 0.1% |
| Other Tax-sharing | $63,330 | $28.51 | 0.4% |
| TOTAL TAX-SHARING | $157,057 | $70.71 | 1.2% |
| Grants/Intergovernmental | $773,438 | $348.24 | 5.7% |
| All Other Contributions | $305,006 | $137.33 | 2.3% |
| TOTAL GRANTS/CONTRIBUTIONS | $1,078,444 | $485.57 | 8.0% |
| Government Service User Fees | $771,037 | $347.16 | 5.7% |
| Utility/Enterprise Revenue | $2,145,419 | $965.97 | 15.8% |
| TOTAL USER FEE REVENUE | $2,916,456 | $1,313.13 | 21.5% |
| Licenses and Permits | $582,346 | $262.20 | 4.3% |
| Fines and Penalties | $119,028 | $53.59 | 0.9% |
| Interest Income | $476,618 | $214.60 | 3.5% |
| Miscellaneous | $163,830 | $73.76 | 1.2% |
| TOTAL OTHER REVENUE | $1,341,822 | $604.15 | 9.9% |
| TOTAL REVENUE | $13,529,955 | $6,091.83 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDES), Department of Local Affairs (www.dola.state.co.us/is/cedishom.htm) and a CWF interview on February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

Telluride uses the general property tax as well as special assessments. Certain items of personal property (aside from land and improvements) can also be taxed. Telluride sets its own property tax rates, but total revenue growth is capped by the 1992 Bruce Amendment (Taxpayer's Bill of Rights or TABOR) and can only increase by inflation plus population growth. If voters approve, cities can "de-Bruce" to exceed the cap. As of 2000, 325 municipalities have "de Bruced." However, Telluride's Charter also limits property tax revenue growth to 7% annually. The county is responsible for assessment and collects property taxes. Tax room is shared with the county, school districts, the hospital district, and other jurisdictions. Telluride retains about 25% of all taxes collected. Most property tax revenue is earmarked, with 80% used to service debt and only 20% going to general revenue.

### General Retail Sales Tax

Access: YES Usage: YES

Telluride has a local general retail sales tax. The current sales tax rate is 4.5% (the State of Colorado's sales tax rate is 2.9%). The municipality is free to set this rate, although increases require voter approval according to Telluride's home rule charter. About 45% of all revenue generated from the tax goes into the General Revenue Fund, and another 45% is dedicated to capital projects and improvements. The remaining 10% is committed to affordable housing. (As such, certain revenues from the tax are likely subject to TABOR limits as well. TABOR specifies that all property tax revenues – regardless of purpose – and all revenues used for General Fund purposes must not grow past inflation plus population growth. TABOR does not always apply to earmarked taxes, however.)

### Selective Sales Taxes

Access: YES Usage: NO

Telluride does have access to a wide range of selective sales taxes on items such as lodging, restaurant meals, motor vehicle rentals, and the sale and consumption of alcoholic beverages. These taxes would apply over and above any current state, county and municipal sales taxes. Because of the autonomy provided through home rule charters in Colorado, municipalities can tax a wide variety of items. However, imposition of any of these taxes requires voter approval, and could be subject to other limitations set out in the home rule charter. Telluride currently does not levy any additional sales taxes over and above its general retail sales tax.

### Specific Business Taxes

Access: YES Usage: YES

Telluride has two specific taxes focusing on businesses. First, Telluride collects franchise taxes and fees from utilities. In 2000, these taxes yielded about $110,000 in revenue, or less than 1% of the total budget. Out of all the resorts in this study collecting franchise taxes, Telluride collects the least. Second, Telluride collects an Employment Occupation Tax, which is essentially a head tax on employers. Employers who earn a certain amount of income are required to pay a small monthly tax (a flat amount per month). Employers typically pay a portion as well. Again, total receipts are marginal at about 0.1% of total revenue. Other business taxes (gross receipts, square footage, etc.) are possible for towns and cities with home rule charters, but again, would require voter approval to implement.

### Other Taxes

Access: YES Usage: YES

Telluride has access to other taxes as well, most notably a real estate transfer tax. The current tax rate is 3.0% of the gross consideration in real estate transactions. The tax applies to most transfers of real estate. The revenue yield from Telluride's Real Estate Transfer Tax is substantial. At over $3 million in 2000, the tax is responsible for almost one quarter of the total budget, or four times what is collected via the property tax. Like the Town of Vail, the real estate transfer tax rate was originally set and controlled by the municipality, and was not capped. The Bruce Amendment has capped potential increases. Telluride collects and administers this tax itself. Revenues are primarily earmarked for capital improvements.

### Tax-Sharing

Access: YES Usage: YES

Telluride benefits from tax-sharing conducted by the State of Colorado as well as the county. Taxes that are shared include the state fuel tax, the state tax on cigarettes and tobacco, revenue from the state lottery, and a portion of vehicle registration fees. The majority of this tax-sharing is based on population considerations. Telluride also receives a share of tax revenue from the county in the form of a road and bridge mill levy. Amounts remitted to the municipality are based on the total amount of roadways in the municipality versus the total amount of roadway in the county. While the taxes being shared with Telluride are certainly diverse, the amounts are quite small, representing less than 2% of total revenues collected in fiscal 2000.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Telluride receives conditional grants from both the federal and state governments. In 2000, the value of grants received exceeded $1 million. At 8% of total budget revenue, grants impact on Telluride's budget much more than current tax sharing. User fee revenue constitutes an important source of funding for Telluride. The level of general user fees for planning, engineering, recreation and cultural facilities are similar to many other resorts at about 6% of total revenue, but utility revenue is quite sizeable. Telluride collects user fees and charges for public transit services, as well as water supply and distribution, sewer and solid waste collection. User fees are also charged for parking. Revenue from licenses and permits, fines and penalties, and interest on investments contributed about one-tenth of total revenue in 2000.

COLORADO

Population (1991 Census) ..... 3,659
Population (2001 Census) ..... 4,531
Ten Year Change in Population ..... 23.8%
Reputation ..... Fourth in the World

## BUDGET ANALYSIS (2000 Actuals, US $)

| | Actual | Per Capita | Percent |
|---|---|---|---|
| General Property Tax | $2,082,896 | $459.70 | 6.1% |
| Other Property Taxes | $160,385 | $35.40 | 0.5% |
| TOTAL PROPERTY TAXES | $2,243,281 | $495.10 | 6.6% |
| TOTAL GENERAL SALES TAX | $15,885,858 | $3,506.04 | 46.9% |
| Lodging Sales Tax | | | |
| Restaurant/Liquor Sales Tax | | | |
| Entertainment/Amusements Tax | | | |
| Gambling/Gaming Tax | | | |
| Other Selective Sales Taxes | | | |
| TOTAL SELECTIVE SALES TAXES | | | |
| Franchise Fees/Utility Taxes | $576,904 | $127.32 | 1.7% |
| All Other Business Taxes | $1,991,073 | $439.43 | 5.9% |
| TOTAL BUSINESS TAXES | $2,567,977 | $566.75 | 7.6% |
| Real Estate Transfer Tax | $3,518,178 | $776.47 | 10.4% |
| Motor Vehicle Taxes/Fees | | | |
| All Other Taxes | | | |
| TOTAL OTHER TAXES | $3,518,178 | $776.47 | 10.4% |
| Income Tax-sharing | | | |
| General Sales Tax-sharing | | | |
| Fuel Tax-sharing | $225,509 | $49.77 | 0.7% |
| Liquor Tax-sharing | | | |
| Tobacco Tax-sharing | $101,451 | $22.39 | 0.3% |
| Vehicle Tax-sharing | $27,403 | $6.05 | 0.1% |
| Other Tax-sharing | $592,286 | $130.72 | 1.7% |
| TOTAL TAX-SHARING | $946,649 | $208.93 | 2.8% |
| Grants/Intergovernmental | $90,069 | $19.88 | 0.3% |
| All Other Contributions | | | |
| TOTAL GRANTS/CONTRIBUTIONS | $90,069 | $19.88 | 0.3% |
| Government Service User Fees | $2,229,633 | $492.08 | 6.6% |
| Utility/Enterprise Revenue | | | |
| TOTAL USER FEE REVENUE | $2,229,633 | $492.08 | 6.6% |
| Licenses and Permits | $1,080,927 | $238.56 | 3.2% |
| Fines and Penalties | $279,367 | $61.66 | 0.8% |
| Interest Income | $1,462,774 | $322.84 | 4.3% |
| Miscellaneous | $3,545,511 | $782.50 | 10.5% |
| TOTAL OTHER REVENUE | $6,368,579 | $1,405.56 | 18.8% |
| TOTAL REVENUE | $33,850,224 | $7,470.81 | 100.0% |

SOURCE: Colorado Economic and Demographic Information System (CEDIS), Department of Local Affairs (www.dola.state.co.us/is/cedishom.htm) and a CWF interview on February 4, 2002.

## REVENUE TOOLS

### Residential and Commercial Property Tax

Access: YES Usage: YES

General property tax collections in Vail amounted to 6% of total revenue in 2000. Vail has the authority to use special assessments for local improvements, but does not currently levy them. Certain classes of personal property (Specific Ownership Tax) can also be subject to property tax. The municipality is free to establish its own rates of property taxation, but like all municipalities in Colorado, total property tax revenue growth is limited by the Bruce Amendment (Taxpayers Bill of Rights or TABOR). The county is responsible for assessment and collection of all property taxes. Vail has little, if any control over assessment practices. Property tax revenue is shared between the municipality, the county, schools, water districts, recreation districts, and college districts. Each jurisdiction receives an amount based on the millrate it has set. All property tax revenues are unrestricted.

### General Retail Sales Tax

Access: YES Usage: YES

Like other Colorado municipalities, Vail has access to its own general retail sales tax. The current municipal general sales tax rate is 4.0%. The total combined general retail sales tax rate in Vail is 8.4%. This includes the 2.9% Colorado state sales tax and the 1.5% general sales tax for Eagle County. The municipality is generally free to set this rate under its home rule charter, but TABOR is a factor and any increases in the tax rate require voter approval. As a home rule city, the municipality of Vail is responsible for collecting and administering their own general sales tax. For the most part, the revenue generated from the local general retail sales tax is unrestricted. However, the municipality has internally reserved a portion of the sales tax revenue for specific capital projects in the town.

### Selective Sales Taxes

Access: YES Usage: NO

The municipality of Vail has access to a number of additional selective sales taxes. For example, Vail could tax lodging and accommodations, restaurant meals, the sale and consumption of beer, wine and liquor, the rental of motor vehicles, as well as amusements and entertainment events. Currently, Vail does not levy any of these selective sales taxes. However, Vail does directly benefit from a 1.4% selective sales tax on lodging and accommodations levied by the Local Marketing District (an independent taxing jurisdiction). This special district helps to promote the Vail resort area. The 1.4% sales tax is collected and administered by the Colorado Department of Revenue, and is remitted back to the special taxing district based on point of sale.

### Specific Business Taxes

Access: YES Usage: YES

Franchise taxes and fees are collected by Vail from a number of utilities providing services to the local community. Natural gas utilities are taxed at 2.0% of gross sales, telephone utilities are taxes at $5.60 per account, and electrical utilities are taxed at 3.0% of gross sales. Cable TV providers are taxed 5% on their gross sales. About 40% of the franchise tax revenue from cable TV providers is used to subsidize the operations of Vail's local television station. Vail has access to other business specific taxes as well. Currently, Vail levies a special business licensing fee/tax. Revenue from this licensing fee/tax is earmarked for tourism promotion and the marketing of Vail.

### Other Taxes

Access: YES Usage: YES

Vail levies a 1.0% real estate transfer tax on the sale price of real property. The tax applies to most real estate transactions, but there are some legally required exemptions for certain transactions. The municipality originally set this rate, but it has become locked by the Bruce Amendment. The rate cannot be raised without a referendum. All revenues from the tax are earmarked. Revenues must be used to acquire space for parks, the construction of recreational facilities, and general maintenance and repairs. The real estate transfer tax is administered and collected by Vail.

### Tax-Sharing

Access: YES Usage: YES

Vail benefits from tax-shared revenues from five separate state and county taxes. The municipality receives a share of the state fuel tax for road construction and repair. Colorado also shares with Vail a portion of the state sales tax on cigarettes and tobacco. Sharing is based on relative population size. Revenue from the state lottery is also shared. A portion of motor vehicle registration revenues are also shared based on the proportion of fees collected from license plates registered in the municipality. Vail also receives tax revenue from the county. Eagle County shares with Vail a certain percentage of its 1.5% general retail sales tax.

### Grants, Contributions, User Fees, Other

Access: YES Usage: YES

Grant revenue for Vail is marginal, representing only 0.3% of total revenue in 2000. User fee revenue is not a large budget item for Vail either. User fees are limited to governmental and general administrative services, such as parking, rents and leases, and cultural facilities. The municipality provides no utility services to residents. All water, sewerage, and solid waste collection is provided by other jurisdictions. In addition, Vail operates no electrical or natural gas utilities. As such, total user fee revenue comprised less than 7% of the budget in fiscal 2000. However, licenses and permits, municipal fines and penalties, interest income, and other revenues do provide a significant source of financing for Vail. These revenues totalled 19% of the budget in 2000. In particular, Vail collects a large amount of interest income.

## ANALYSIS

The first impression to emerge from the data is the tremendous variability among North American ski resorts. They are far from being peas in the same pod when it comes to tax sources and other revenues. Stowe, for example, receives almost 60% of its revenues from property taxes and nothing from sales taxes, whereas Vail receives about 47% of its revenue from a local sales tax and only 7% from property taxes. Significant and even dramatic differences across the data occur frequently. Yet despite this variability, there are also some more general patterns that set Whistler apart from the majority of its North American competitors.

- THE MUNICIPAL BUDGET OF WHISTLER IS BOTH HIGHLY AND UNUSUALLY DEPENDENT ON PROPERTY TAXES.

Property taxes in Whistler generate 40.3% of its total revenue. Banff is slightly more reliant on property taxes, which comprise 41.5% of its total budget. On the American side of the border, only the outlier case of Stowe is in the same league. For most of Whistler's major competitors in the western United States, property taxes form a small to miniscule part of the municipal tax base. For example, Aspen, Telluride and Vail each draw less than 7% of their total revenue from property taxes. In South Lake Tahoe, Ketchum, and Park City, property taxes contribute 15.7%, 20.2%, and 33.2% respectively. The Town of Jackson levies no property taxes at all.

- WHEN EXAMINING ONLY TAX REVENUES, TAX-SHARING AND GRANTS, WHISTLER EMERGES AS THE MOST RELIANT ON PROPERTY TAXES.

Focusing on property taxes as a proportion of each city's total budget forms only part of the story. First, the relative size of any municipal budget is a direct function of the number and type of services a city provides. Vail, for example, provides no utility services to residents – water, sewerage, solid waste collection, electricity and natural gas are all provided by other authorities. All types of taxes will necessarily increase as a percentage of the budget if little user fee revenue from utilities are collected. *Figure 4 (page 23)* factors out the influence of large utility operations and other revenue streams by examining only those revenue sources that have a link with taxation. These three are municipal taxes, tax-shared revenues, and grants. Again, property taxes tend to be less important for the American ski resorts. In Whistler, property taxes represent 82.0% of combined taxes, tax-sharing and grants. Only Stowe registers a similar dependence at 80.9%. The figure for Banff is slightly lower at about 70%. In the Colorado resorts, property tax revenues represent about 10% of combined taxes, tax-sharing, and grants. To be sure, amounts for South Lake Tahoe, Ketchum and Park City are somewhat higher, but none of them even come close to approaching the property tax dependence of Whistler.

- UNLIKE MOST AMERICAN SKI RESORT COMMUNITIES, WHISTLER LACKS A LOCAL OPTION GENERAL RETAIL SALES TAX.

When it comes to general retail sales taxes, the comparison with Whistler's American competitors is dramatic. Every resort, with the exception of Stowe, collects general sales tax revenue. The amounts are not insignificant. For example, the Colorado ski resort communities (Aspen, Telluride, Vail) have general retail sales taxes ranging from 2.2% to 4.5%, which generate approximately 25% to 50% of their total revenue (41.7% to 62.9% of combined tax, tax-sharing, and grant revenue). The other resorts, such as South Lake Tahoe, tend to have a lower sales tax rate (typically around 1.0%), but sales tax revenues still comprise a significant portion of the total budget.

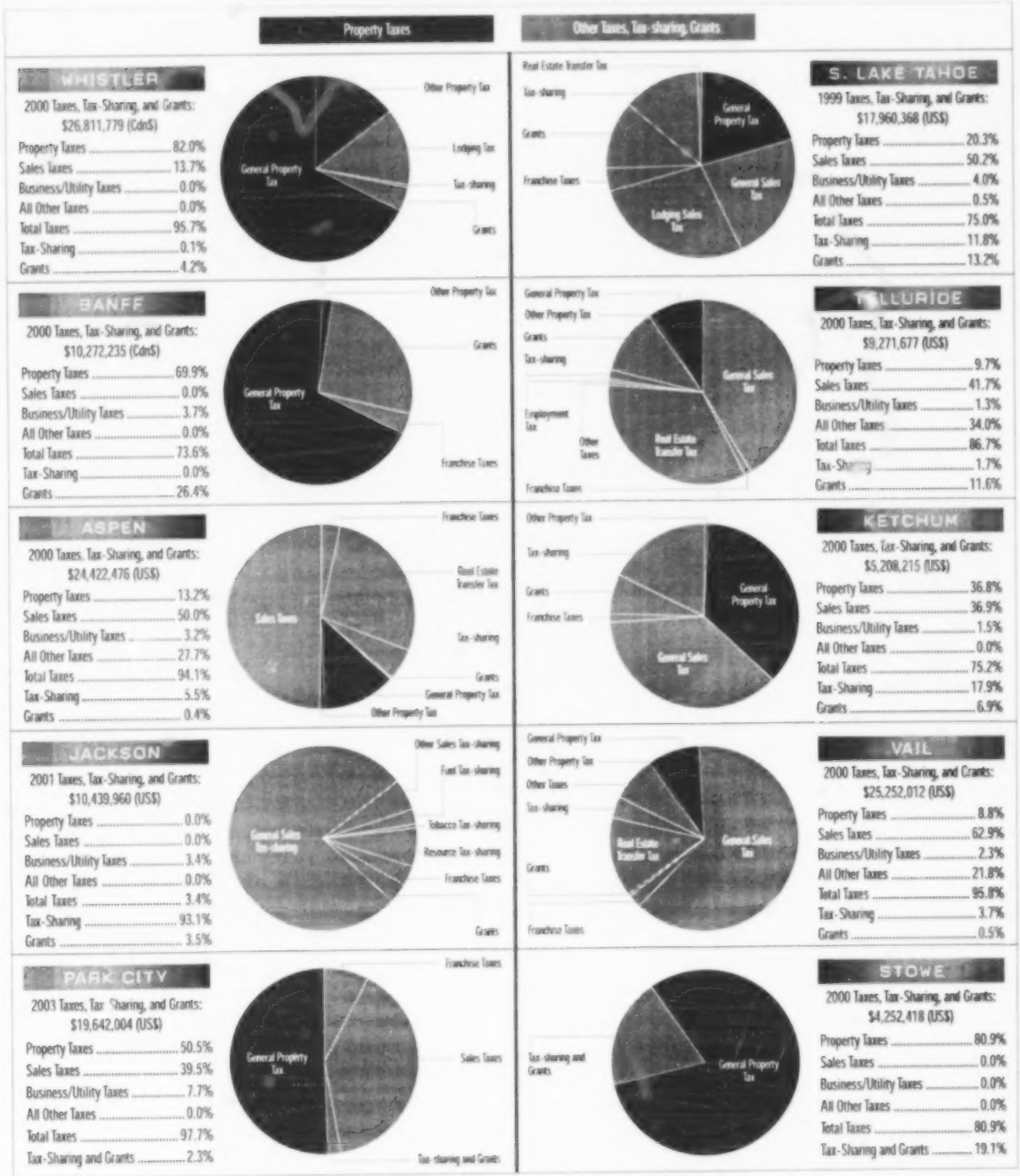
- WHISTLER ALSO LACKS A SPECIAL RESORT SALES TAX.

Like the local option sales tax, the resort sales tax is a general retail sales tax. However, it is available only to qualifying resort communities. Other municipalities that do not qualify cannot institute a general sales tax. Unlike Whistler, which has no access to this type of general sales tax, Ketchum levies a resort sales tax of 1.0%. Park City has both the local option sales tax and a resort sales tax. In Park City, the combined rate of both general sales taxes is 2.25%. In Ketchum and Park City, general sales tax revenues comprise between 20.3% to 25.9% of total revenue (about 40% of combined tax, tax-sharing, and grant revenue for both communities).

- MOST AMERICAN SKI RESORTS LEVY A RANGE OF SELECTIVE SALES TAXES. WHISTLER DOES NOT.

Whistler does have access to one selective sales tax – a 2.0% levy on lodging and accommodations. This tax generates about 6.7% of total revenues. Banff has no access to any selective sales taxes. On the other hand, many U.S. resort communities have access to a wide range of selective sales taxes. For example, Ketchum levies an additional 1.0% selective sales tax on lodging

**FIGURE 4: Taxation, Tax-Sharing, and Grants for the Resort Communities**



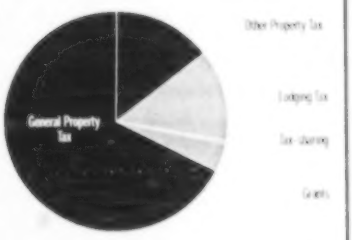

SOURCE: Derived by CWF from various data sources. Data for Whistler and Stowe were sourced from each municipality's 2000 Financial Statements. Data for Aspen, Telluride, and Vail are from the Colorado Economic and Demographic Information System, State of Colorado (www.dola.state.co.us/lo/codhshom.htm). Data for Banff are from Alberta Municipal Affair's MFIS electronic database (www1.gov.ab.ca/ma/mrs/mfistable/mfis_table.cfm). Data for Ketchum are the 1999/00 Actuals as reported in the 2001/02 Budget. Data for Jackson are from the 2001 Budget. Data for Park City are from the 2003 Budget. Data for South Lake Tahoe are from the 1998/99 Cities Annual Report, published by the Division of Accounting and Reporting, Local Government Reporting Section, State of California.

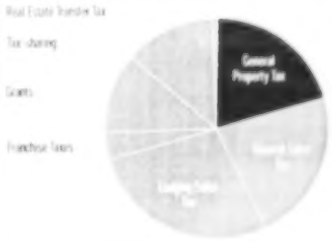
**FIGURE 4: Taxation, Tax-Sharing, and Grants for the Resort Communities**

**Property Taxes**

2000 Taxes, Tax-Sharing, and Grants:
$26,811,779 (Cdn$)

| | |
|---|---|
| Property Taxes | 82.0% |
| Sales Taxes | 13.7% |
| Business/Utility Taxes | 0.0% |
| All Other Taxes | 0.0% |
| Total Taxes | 95.7% |
| Tax-Sharing | 0.1% |
| Grants | 4.2% |



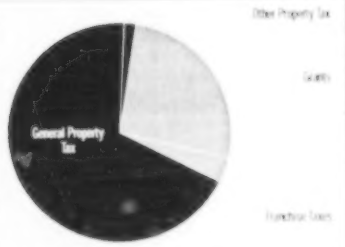




1999 Taxes, Tax-Sharing, and Grants:
$17,960,368 (US$)

| | |
|---|---|
| Property Taxes | 20.3% |
| Sales Taxes | 50.2% |
| Business/Utility Taxes | 4.0% |
| All Other Taxes | 0.5% |
| Total Taxes | 75.0% |
| Tax-Sharing | 11.8% |
| Grants | 13.2% |

2000 Taxes, Tax-Sharing, and Grants:
$10,272,235 (Cdn$)

| | |
|---|---|
| Property Taxes | 69.9% |
| Sales Taxes | 0.0% |
| Business/Utility Taxes | 3.7% |
| All Other Taxes | 0.0% |
| Total Taxes | 73.6% |
| Tax-Sharing | 0.0% |
| Grants | 26.4% |

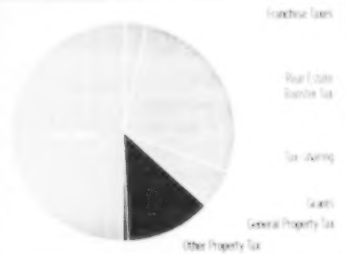


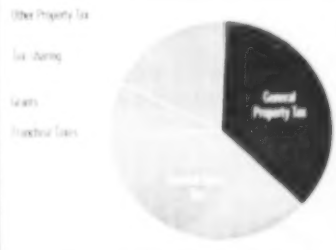
2000 Taxes, Tax-Sharing, and Grants:
$9,271,677 (US$)

| | |
|---|---|
| Property Taxes | 9.7% |
| Sales Taxes | 41.7% |
| Business/Utility Taxes | 1.3% |
| All Other Taxes | 34.0% |
| Total Taxes | 86.7% |
| Tax-Sharing | 1.7% |
| Grants | 11.6% |

2000 Taxes, Tax-Sharing, and Grants:
$24,422,476 (US$)

| | |
|---|---|
| Property Taxes | 13.2% |
| Sales Taxes | 50.0% |
| Business/Utility Taxes | 3.2% |
| All Other Taxes | 27.7% |
| Total Taxes | 94.1% |
| Tax-Sharing | 5.5% |
| Grants | 0.4% |



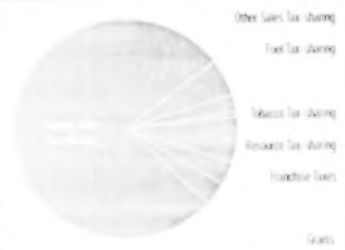



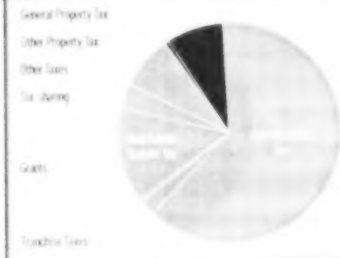

2000 Taxes, Tax-Sharing, and Grants:
$5,258,215 (US$)

| | |
|---|---|
| Property Taxes | 36.8% |
| Sales Taxes | 36.9% |
| Business/Utility Taxes | 1.5% |
| All Other Taxes | 0.0% |
| Total Taxes | 75.2% |
| Tax-Sharing | 17.9% |
| Grants | 6.9% |

2001 Taxes, Tax-Sharing, and Grants:
$10,439,960 (US$)

| | |
|---|---|
| Property Taxes | 0.0% |
| Sales Taxes | 0.0% |
| Business/Utility Taxes | 3.4% |
| All Other Taxes | 0.0% |
| Total Taxes | 3.4% |
| Tax-Sharing | 93.1% |
| Grants | 3.5% |




2000 Taxes, Tax-Sharing, and Grants:
$25,252,012 (US$)

| | |
|---|---|
| Property Taxes | 8.8% |
| Sales Taxes | 62.9% |
| Business/Utility Taxes | 2.3% |
| All Other Taxes | 21.8% |
| Total Taxes | 95.8% |
| Tax-Sharing | 3.7% |
| Grants | 0.5% |

2003 Taxes, Tax-Sharing, and Grants:
$19,642,004 (US$)

| | |
|---|---|
| Property Taxes | 50.5% |
| Sales Taxes | 39.5% |
| Business/Utility Taxes | 7.7% |
| All Other Taxes | 0.0% |
| Total Taxes | 97.7% |
| Tax-Sharing and Grants | 2.3% |

2000 Taxes, Tax-Sharing, and Grants:
$4,252,418 (US$)

| | |
|---|---|
| Property Taxes | 80.9% |
| Sales Taxes | 0.0% |
| Business/Utility Taxes | 0.0% |
| All Other Taxes | 0.0% |
| Total Taxes | 80.9% |
| Tax-Sharing and Grants | 19.1% |

SOURCE: Devised by CWF from various data sources. Data for Whistler and Stowe were secured from each municipality's 2000 Financial Statements. Data for Aspen, Telluride, and Vail are from the Colorado Economic and Demographic Information System, State of Colorado (www.dola.state.co.us/oslcedisbum.htm). Data for Banff are from Alberta Municipal Affair's MFIS electronic database (www1.gov.ab.ca/ma/services/mfisdata/mfis_index.cfm). Data for Ketchum are the 1999/00 Actuals as reported in the 2001/02 Budget. Data for Jackson are from the 2001 Budget. Data for Park City are from the 2001 Budget. Data for South Lake Tahoe are from the 1998/99 City's Annual Report, published by the Division of Accounting and Reporting, Local Government Reporting Section, State of California.

as well as an extra 1.0% selective sales tax on liquor served in public premises. The 2.0% tax rate cap in place in Whistler stands in stark contrast to South Lake Tahoe, which levies a 10.0% selective tax on lodging over and above all other state and county taxes. This one tax alone generated over $5 million for South Lake Tahoe in 1999, an amount equivalent to 21.5% of its total budget for the year. In fact, South Lake Tahoe's lodging tax is its single largest revenue source.

- AMERICAN SKI RESORT COMMUNITIES BENEFIT FROM TAX-SHARING BASED ON A DIVERSE ARRAY OF STATE AND COUNTY TAXES. WHISTLER DOES NOT.

Not only do most American ski resorts have access to general and selective sales taxes, most benefit from tax-shared dollars from both the state and county. Typically, the tax-sharing is based on state or county sales taxes. For example, each American resort reported receiving a portion of the state fuel tax. More specifically, Aspen, Telluride, and Vail receive a share from the state state tax on cigarettes and tobacco, motor vehicle registration revenue, as well as the state lottery. Aspen also receives a cut from the general sales tax levied by the local county. In addition to the fuel tax, Ketchum receives a share of the state general sales tax, as well as a portion of the profit from state-owned liquor stores. Park City also receives amounts from the state tax on liquor as well as tobacco. Tax-sharing in South Lake Tahoe, while limited to fuel taxes, vehicle registration revenue, and amounts for property tax relief, nonetheless comprised almost one-tenth of the total budget in 1999. Tax-sharing in Jackson, Wyoming comprises almost half of the total budget. Jackson's share of the state and county general sales tax alone comprises 40% of total revenue. Total general and selective sales taxes shared by all jurisdictions comprise over 90% of Jackson's tax, tax-sharing, and grant revenue. In contrast, tax-sharing for Banff is non-existent, and Whistler's share of provincial fine revenue amounts to only 0.1% of total revenue.

- SOME AMERICAN SKI RESORTS HAVE ACCESS TO A WIDER RANGE OF OTHER TAXES, INCLUDING BUSINESS SPECIFIC TAXES.

Beyond these fundamental contrasts, American ski resorts have also brought into play a greater variety of other tax sources. For example, Aspen, Telluride, and Vail each levy a real estate transfer tax. The tax generates anywhere from 10.4% to 23.2% of total revenue. South Lake Tahoe also levies a real estate transfer tax. Telluride levies its own employee tax, and Vail reports almost $2 million in other business taxes. As revenue sources these taxes can be important to American resorts, but they are not an option for either Whistler or Banff.

- MANY AMERICAN RESORT COMMUNITIES ALSO HAVE SIGNIFICANT UNUSED TAX CAPACITY.

Interestingly, many American resorts report unused taxation powers. For example, Stowe has the capacity to levy a local general retail sales tax, as well as other selective sales taxes, but has chosen not to do so. Park City could increase its resort sales tax by another 0.5% points, and could levy an additional 0.25% points for transit. Park City could also levy an additional 1.5% selective sales tax on lodging, but has not done so. If approved by the voters, all Colorado resorts could levy additional selective sales taxes on lodging, restaurant meals, and liquor, and South Lake Tahoe has the option of another 1.0% general sales tax "piggy-backed" onto the state sales tax.

- USER FEE REVENUE VARIES WITH THE AMOUNT OF SERVICES PROVIDED.

The degree to which user fees make a contribution is heavily dependent on whether or not a particular resort is responsible for delivering a wide range of utility services. On the one extreme are full-service communities like Aspen, with a large water utility, public transit, a significant electrical operation, and a housing enterprise. In Aspen, utility and enterprise fees constitute about one-quarter of the budget. Jackson and Ketchum also report significant utility fee revenue, just under one-third of the total budget. On the other hand are communities like South Lake Tahoe, which have no water or sewer utilities. In South Lake Tahoe, utility fees generate only 6% of the budget. Vail reports no user fees from utilities or enterprises. Banff, Park City, Stowe and Telluride are in the middle, with utility user fees representing about 10% to 15% of total revenue. On this measure, Whistler is in the company of Vail and South Lake Tahoe, where utility fees comprise less than 10% of total revenue.

To better understand the contribution of user fees, utilities can be ignored and the focus shifted to general user fees charged for government services. For most resorts (e.g., Banff, Jackson, Ketchum, South Lake Tahoe, Stowe, Telluride, and Vail) these fees tend to contribute about 6% to 10% of total revenue. Fees in Aspen and and Park City are somewhat higher. Whistler, on the other hand, has over one-third of its revenues coming from general user fees.

**FIGURE 5: Naure of the Financial Relationship of Municipalities with the Local Ski Resorts**

| | LOCATION OF PRIMARY RESORT | PROPERTY TAX REVENUE | SALES TAX REVENUE | USER FEE REVENUE | PERMIT or LICENSE REVENUE | OTHER FINANCIAL ARRANGEMENTS |
|---|---|---|---|---|---|---|
| WHISTLER, BC | The primary ski resort at Whistler is Whistler-Blackcomb. The ski resort is located within the boundaries of the municipality. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | YES<br>The municipality of Whistler does receive additional revenue in the form of building permits and business licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| BANFF, Alberta | The three ski resort areas surrounding the municipality of Banff are located at some distance from the municipality itself. | NO<br>The municipality does not receive any property tax revenue from the owners of the ski resorts. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Banff does not receive revenue in the form of permits or licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| ASPEN, Colorado | Several ski operations surround the municipality of Aspen. Only one operation is located within the boundaries of the municipality. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | YES<br>The municipality does receive some sales tax revenue from the operation within its boundaries. | YES<br>The ski resort is required to purchase municipal services just like other residences and businesses. | YES<br>The municipality of Aspen receives additional revenue in the form of building licenses, for example. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| JACKSON, Wyoming | There are two primary resorts in the area of Jackson. The larger resort is outside the municipal boundary but the smaller resort is in the municipality. | NO<br>No property tax revenue accrues to the municipality from the ski resort since Jackson does not levy a property tax. | YES<br>The municipality receives some retail tax revenue from the resort, but all lift tickets are exempt from sales tax. | YES<br>The municipality of Jackson does receive user fee revenue from the resort for municipal services. | YES<br>The municipality receive some additional revenue in the form of permits and licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| KETCHUM, Idaho | The primary ski mountains are located outside of the municipal boundaries, but the main lodge is located within the municipal boundary. | YES<br>No property tax revenue accrues from the mountain, but the lodge does pay taxes to the municipality. | YES<br>Activity at the lodge and some of the lift tickets are taxed if they are purchased at a location within the municipality. | YES<br>User fee revenue accrues to the municipality, but only from services used at the main lodge. | YES<br>The municipality of Ketchum does receive additional revenue in the form of building permits and business licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| PARK CITY, Utah | Of the three main ski resorts in the area, two are located within the municipal boundary and one is located outside of the boundary. | YES<br>The municipality receives property tax revenue from the ski resort property. | YES<br>The municipality receives sales tax revenue from the ski operations. There are no exemptions. | YES<br>The municipality does receive at least some user fee revenue from services provided to the resort. | YES<br>Permits and license revenue from the resorts is primarily limited to building permits and development fees. | YES<br>The ski resort remits to Park City 1.5¢ per "skier-day" to help cover the costs of the public transit system. |
| SOUTH LAKE TAHOE, California | South Lake Tahoe is the largest municipality in an area that includes over 12 ski resorts. None are located within the municipal boundary, however. | NO<br>The municipality receives no property tax revenue from the owners of the ski resort. | NO<br>The municipality receives no direct sales tax revenue from operations at any of the resorts. | NO<br>The city has very few utility operations to begin with, and receives no user fee revenue from the resorts. | NO<br>No permit or license revenue is received. When a primary gondola was built, some development fees were collected. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| STOWE, Vermont | Like Whistler, the primary ski resort in the area is located within the boundaries of the municipality of Stowe. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | YES<br>The municipality receives user fees in the form of connection fees, water, sewer, and electricity. | YES<br>The amounts received are generally quite small and are limited to building permits and liquor licenses. | YES<br>The owners of the resort contribute $25,000 annually to help cover the costs of the transit system. |
| TELLURIDE, Colorado | While the entire ski resort area is not located within the municipal boundary, three of the lifts are located within Telluride proper. | YES<br>The municipality does receives property tax revenue from a portion of the resort. | NO<br>The municipality does not receive any sales tax revenue from retail activity at the resort. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Telluride does not receive revenue in the form of permits or licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| VAIL, Colorado | None of the ski resort operations in the area are located within the boundaries of the municipality of Vail. | NO<br>The municipality does not receive any property tax revenue from resorts in the area. | YES<br>Despite the location of the ski operations, Vail has access to a 4.0% tax on all lift tickets sold. It is a special resort tax. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Vail does not receive revenue in the form of permits or licenses. | NO<br>Aside from the 4.0% sales tax on the lift tickets, there is no other sharing of revenue. |

SOURCE: Canada West Foundation interviews conducted with public officials at each ski resort community, February, 2003.

## FIGURE 5: Naure of the Financial Relationship of Municipalities with the Local Ski Resorts

| | LOCATION OF PRIMARY RESORT | PROPERTY TAX REVENUE | SALES TAX REVENUE | USER FEE REVENUE | PERMIT or LICENSE REVENUE | OTHER FINANCIAL ARRANGEMENTS |
|---|---|---|---|---|---|---|
| WHISTLER, BC | The primary ski resort at Whistler is Whistler-Blackcomb. The ski resort is located within the boundaries of the municipality. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | YES<br>The municipality of Whistler does receive additional revenue in the form of building permits and business licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| BANFF, Alberta | The three ski resort areas surrounding the municipality of Banff are located at some distance from the municipality itself. | NO<br>The municipality does not receive any property tax revenue from the owners of the ski resorts. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Banff does not receive revenue in the form of permits or licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| ASPEN, Colorado | Several ski operations surround the municipality of Aspen. Only one operation is located within the boundaries of the municipality. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | YES<br>The municipality does receive some sales tax revenue from the operations within its boundaries. | YES<br>The ski resort is required to purchase municipal services just like other residences and businesses. | YES<br>The municipality of Aspen receives additional revenue in the form of building licenses, for example. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| JACKSON, Wyoming | There are two primary resorts in the area of Jackson. The larger resort is outside the municipal boundary but the smaller resort is in the municipality. | NO<br>No property tax revenue accrues to the municipality from the ski resort since Jackson does not levy a property tax. | YES<br>The municipality receives some retail tax revenue from the resort, but all lift tickets are exempt from sales tax. | YES<br>The municipality of Jackson does receive user fee revenue from the resort for municipal services. | YES<br>The municipality receive some additional revenue in the form of permits and licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| KETCHUM, Idaho | The primary ski mountains are located outside of the municipal boundaries, but the main lodge is located within the municipal boundary. | YES<br>No property tax revenue accrues from the mountain, but the lodge does pay taxes to the municipality. | YES<br>Activity at the lodge and some of the lift tickets are taxed if they are purchased at a location within the municipality. | YES<br>User fee revenue accrues to the municipality but only from services used at the main lodge. | YES<br>The municipality of Ketchum does receive additional revenue in the form of building permits and business licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| PARK CITY, Utah | Of the three main ski resorts in the area, two are located within the municipal boundary and one is located outside of the boundary. | YES<br>The municipality receives property tax revenue from the ski resort property. | YES<br>The municipality receives sales tax revenue from the ski operations. There are no exemptions. | YES<br>The municipality does receive at least some user fee revenue from services provided to the resort. | YES<br>Permits and license revenue from the resorts is primarily limited to building permits and development fees. | YES<br>The ski resort remits to Park City 1.5¢ per "skier-day" to help cover the costs of the public transit system. |
| SOUTH LAKE TAHOE, California | South Lake Tahoe is the largest municipality in an area that includes over 12 ski resorts. None are located within the municipal boundary, however. | NO<br>The municipality receives no property tax revenue from the owners of the ski resort. | NO<br>The municipality receives no direct sales tax revenue from operations at any of the resorts. | NO<br>The city has very few utility operations to begin with, and receives no user fee revenue from the resorts. | NO<br>No permit or license revenue is received. When a primary gondola was built, some development fees were collected. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| STOWE, Vermont | Like Whistler, the primary ski resort in the area is located within the boundaries of the municipality of Stowe. | YES<br>The municipality receives property tax revenue from the owners of the ski resort. | NO<br>The municipality has no general or specific sales taxes that yield revenue directly from the ski operations. | YES<br>The municipality receives user fees in the form of connection fees, water, sewer, and electricity. | YES<br>The amounts received are generally quite small and are limited to building permits and liquor licenses. | YES<br>The owners of the resort contribute $25,000 annually to help cover the costs of the transit system. |
| TELLURIDE, Colorado | While the entire ski resort area is not located within the municipal boundary, three of the lifts are located within Telluride proper. | YES<br>The municipality does receives property tax revenue from a portion of the resort. | NO<br>The municipality does not receive any sales tax revenue from retail activity at the resort. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Telluride does not receive revenue in the form of permits or licenses. | NO<br>The resort and the municipality do not have a special financial relationship that sees the sharing of other revenue. |
| VAIL, Colorado | None of the ski resort operations in the area are located within the boundaries of the municipality of Vail. | NO<br>The municipality does not receive any property tax revenue from resorts in the area. | YES<br>Despite the location of the ski operations, Vail has access to a 4.0% tax on all lift tickets sold. It is a special resort tax. | NO<br>The municipality does not receive any user fee revenue from services provided to the ski resort. | NO<br>The municipality of Vail does not receive revenue in the form of permits or licenses. | NO<br>Aside from the 4.0% sales tax on the lift tickets, there is no other sharing of revenue. |

SOURCE: Canada West Foundation interviews conducted with public officials at each ski resort community, February, 2002.

To be sure, the finding is interesting, but somewhat difficult to explain. On the one hand, the figures may represent an anomaly for fiscal 2000. In that year, Whistler saw a sharp spike in development fees, which totalled almost $7 million. On the other hand, the data may reflect the fact that Whistler, with limited taxation authority, simply relies more on user fees. But, the same pattern is not replicated for Banff.

- MOST U.S. RESORTS FACE LIMITS ON PROPERTY TAX REVENUE GROWTH AND RATE CAPS ON THEIR SALES TAXES.

With the exception of Stowe, all U.S. resorts reported that annual growth in property tax revenue is capped. This stands in stark contrast to Whistler and Banff, which face no such restrictions on the property tax revenues they can collect. Most general and selective sales tax rates are also capped, or at least require referendum before the rates can be increased. Approval of the voters remains a condition even for home rule municipalities like Aspen, Telluride, and Vail. In this regard, Whistler's hotel tax rate, capped at 2.0%, reflects the American experience.

- REVENUE FROM GENERAL AND SELECTIVE SALES TAXES CAN BE HEAVILY EARMARKED.

It is important to recognize that in many U.S. resorts, the revenue generated by general and selective sales taxes can be heavily earmarked for expenditures such as transit, tourism promotion, or capital investment. Generally speaking, property taxation is unrestricted, but for most sales taxes, at least a portion is earmarked for specific expenditures. Further, most tax-sharing in the U.S. is also heavily earmarked. As such, the primary difference in the intergovernmental revenue streams for Canadian resorts like Whistler and Banff is the fact that they are conditional grants as opposed to conditional transfers of specific tax revenues.

- WHISTLER, UNLIKE SOME OF ITS COMPETITORS, HAS THE SKI RESORT WITHIN THE MUNICIPAL BOUNDARY.

This is by no means insignificant. The municipality receives property tax revenue from the resort while other communities in the study do not *(Figure 5 on page 25)*. But other communities with the primary resort in the municipality receive revenue from retail sales in addition to the property tax. If Whistler had access to a general sales tax, it would be well-placed to realize an increased stream of revenue from the economic activity at the resort.

## DISCUSSION

If we paint the tax comparison in very broad strokes, Whistler is heavily dependent on residents and the residential property tax, whereas American resorts effectively tax those who come to ski rather than relying so heavily on those who come to live, and perhaps ski.

But does this difference really matter? Is it really so important? Yes, it is. First, some taxes provide a better fit with the particular circumstances of ski resorts than do others. Property taxes are the least able to capture revenue from resort visitors – note the 2.2 million who come to Whistler each year – visitors who nonetheless impose a very significant load on municipal infrastructure and facilities. Sales taxes, whether applied to a broad base or select items, are much better tools for capturing revenue from visitors. In principle, they best fit the circumstances of resort communities, but they are not brought into play in Whistler's case.

Second, the attractiveness of a resort does not depend on the quality of the slopes and the number of runs alone. It also depends on the facilities and appeal of the resort community, on personal security and aesthetic charm. This in turn means that resort communities need the financial wherewithal to cope with a large influx of visitors who are not property owners. In this respect, Whistler is not well-equipped for intensifying international competition.

It should also be noted that at first blush, many of the tax differences might be seen as giving Whistler a competitive advantage. If visitors to Whistler face a lower tax burden than that faced by visitors to American ski resorts, Whistler might be more attractive as a consequence. However, the size of the tax burden likely has less influence than we might think. After all, it pales considerably when placed beside the other costs of a ski vacation, whether those be air fare, accommodation, lift tickets, meals, or entertainment. Consequently, it is more likely that Whistler's tax distinctiveness constitutes a competitive disadvantage. Whistler lacks the range of tax tools enjoyed by its competitors.

Although there are lessons to be learned from the American resort experience, this does not mean that one can simply transfer the circumstances of Vail or South Lake Tahoe to

## DISCUSSION BOX 1: The Special Case of Mont-Tremblant, Québec

In 2000, the municipality of Mont-Tremblant was merged with three other municipalities to form the Ville de Mont-Tremblant. That same year, the financial data of all three municipalities were consolidated. Due to the lack of comparable data, Mont-Tremblant was not included in the data charts on pages 12 to 21. However, Mont-Tremblant still offers some unique characteristics worthy of note.

In 1991, a company called Intrawest bought the Tremblant resort. At the time, Tremblant was catering mainly to a regional market, attracting 365,000 visitors annually. Ten years later, upon completion of Phases 1 and 2 of a major face-lift to the ski resort, the number of visitors had increased to 2.3 million. With 248 hectares of skiable territory, 92 trails, and a ski season as long as seven months, Tremblant is considered the number one ski resort in Eastern North America. However, Tremblant is not solely a winter destination – an increasing number of visitors come to Tremblant in the summer months. In August 2000, hotels were at 78% capacity compared to 76% in February. Summer activities include nature walks, sailing, roller-blading, spas and the Blues Festival. Intrawest plans to invest an additional $1 billion to build two more villages at Tremblant (Phases 3 and 4) by 2010. By then, the resort will be able to host over four million visitors annually. While Intrawest is a private, for-profit corporation that has made significant investments in the area, the success of the resort would not have been possible without the active participation of the municipality of Mont-Tremblant and the provincial and federal governments.

Since 1991, Intrawest and the municipality of Mont-Tremblant have been working together to ensure that both the needs of Intrawest and those of the residents of Mont-Tremblant are met. As part of Phase 2, a development committee was created. It consisted of civic officials from the municipality and Intrawest personnel. One of the major challenges facing this committee was to ensure that the new development had adequate infrastructure and services such as water, roads, and sewer without causing a significant increase in property taxes. Eventually, the development committee agreed that the municipality would finance this major expenditure by borrowing against two-thirds of the projected property taxes to be collected over the next 20 years from Phase 2.

The Province of Québec has also been working in close collaboration with Intrawest. For example, it has provided approximately $70 million to Intrawest over the course of developing Phase 1 and 2. In September 2001, it contributed an additional $75 million through several programs (Fund for Private Investment Growth, Job Starts (FAIRE), Infrastructure Canada-Québec, and Tourism Québec) for Phases 3 and 4.

In 1993, the Province also drew up a scheme to provide business operators within the Intrawest compound with a special status. They were allowed to set up a not-for-profit association (the Resort Association) to promote Tremblant as a tourist destination, to organize events, and to manage the resort area. In order to finance the Resort Association's operations, the Province allowed the association to impose levies on goods and services and on accommodations. Presently, the levies are 2% and 3% respectively. Additional revenues include member fees and conditional grants from the provincial government. Members' fees vary according to the member's category. For example, business operators will pay according to the square footage of their businesses. Property owners' fees, however, are dependent on whether the property is used for personal or commercial use. The provincial grant is provided to the Association through the REMI program.

Both the municipal and provincial government have actively participated in the development of Tremblant, using innovative tools that are outside the traditional municipal-provincial fiscal structure. This unique partnership between the private and the public sector has been beneficial to both parties. After Phase 1, the provincial government has collected over $77 million in tax revenues and this continues to grow as the resort expands. As for the municipality, the booming construction industry means increased revenue from property taxes. In 1998, the municipality collected approximately $680,000 in property taxes. In 2000, the municipality issued new construction permits worth $80 million.

Whistler. The existence of county governments and a host of independent authorities, for example, complicates national comparisons. American resort municipalities therefore differ in many legislative respects from their Canadian counterparts. Nonetheless, the data in this report do suggest that Whistler faces a competitive disadvantage that may be exacerbated by the dynamics and prospects of growth. In addressing this disadvantage, it is useful to bring a comparative analysis into play.

At the same time, it should be noted that the problem is not one of total tax revenues per se, for in this case Whistler appears to be near the center of the pack if we assume roughly equivalent purchasing power for the American and Canadian dollars. The contrast among resort communities with respect to total revenues is less stark and certainly less consistent than is the contrast with respect to tax sources. Thus, while we can conclude that Whistler rests on a distinctive tax base that is poorly tailored to the particular circumstances of resort communities, it is more difficult to conclude that Whistler suffers an overall revenue shortfall compared to other ski resorts. Any such conclusion would require a more detailed analysis than can be provided here.

Rather, the problem arises from tax tools that can lag growth (as do property taxes) and more importantly, that fail to capture an equitable tax share from non-resident visitors (as do property taxes again). Somewhat paradoxically, Whistler's competitive disadvantage is made worse by the intrinsic attractiveness of the British Columbia resort. As *Figure 2* noted, Whistler is the most rapidly growing of the North American ski resorts included in this study, and has a very large number of annual visitors. Both factors mean relatively great stress on municipal facilities and infrastructure. In effect, Whistler likely has to "do more with less."

Fortunately, the evidence very much suggests that it is not necessary for a wholesale legislative shift that would affect all municipalities in a particular jurisdiction to place Canadian resort municipalities like Whistler on a stronger financial footing. The unique experience of Mont-Tremblant *(Discussion Box 1 on page 27)* provides an interesting example of innovative financing, where private interests, the municipality, and the federal and provincial governments have joined forces to construct an innovative fiscal environment where Tremblant can flourish. The experience of other resorts that have access to a special resort sales tax (e.g., Ketchum, Idaho and Park City, Utah) is another option.

## CONCLUSION

In many respects, this study points to a series of trade-offs that resort communities need to consider. Is it better for a resort municipality to be overly reliant on property taxes, but where revenue growth is not capped and the revenue generated is not earmarked? Or, is it more desirable for a resort community to have access to a general retail sales tax and a wide range of selective sales taxes that capture the externalities produced by visitors, but where the tax rates are capped and the revenue heavily earmarked?

The first scenario obviously provides resort communities with a higher level of municipal autonomy, but it fails to provide relief from the fiscal burden produced by visitors. The second option would clearly help alleviate the visitor problem, but at the expense of municipal autonomy and flexibility. As such, the issues facing Whistler (and other Canadian resorts like Banff) on the tax front are not simply a question of access to a particular tax. Rather, the question is very much how that tax is structured and administered, and whether the resort municipality can use the tax to satisfy local concerns and priorities.

Ultimately, the issue very much revolves around the diversity of the tax regime in various resorts. No single tax is entirely fair or neutral with regards to investment patterns, economic distortions, or decisions about location and business inputs. Nor is every tax equally suited to generating a stable revenue source, a growing revenue stream, or capturing the problem of "free-riding" visitors. In many ways, the unique challenges facing Canadian resort communities constitute a powerful argument for a range of tax tools where the advantages and disadvantages produced by one tax are offset by the advantages and disadvantages of other taxes (Kitchen 2000). Many of Whistler's competitors possess this more balanced tax regime – property taxes are only one tax tool of many.

Whistler is a first rate and world class resort. It is one of western Canada's tourism jewels. In the increasingly competitive market for leisure and recreation, serious consideration of how resort communities are funded will become even more important, especially if Whistler is to maintain the competitive edge it currently enjoys. ■

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